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NEWS SUMMARY

GENERAL

71 die in Spanish hotel blaze

Seventy one people died and 47 were injured when fire raged through a luxury hotel in the northern Spanish city of Saragossa.

The late General Franco's widow, Sra Carmen Polo, and five members of her family were among these injured in the blaze at the 10-storey Corona de Aragon.

Most of the victims were either overcome by smoke or died after jumping from upstairs windows to escape the flames. Few foreigners were thought to have been in the building, although one German is known to have been killed. Page 2

Vietnam to halt refugee flow

Vietnam is reported to have told Western officials that it has given orders for a halt to the flow of refugees from the country. The order is said to have been issued on about June 20 and to have the full support of Premier Pham Van Dong.

CBI warning

Employers will not shrink from taking pickets to court when the Government's proposed labour law changes come into force, said Sir John Methven, director general of the Confederation of British Industry. Back Page

Iran deaths

Twelve revolutionary guards and two Arabs were killed in clashes on Minoo Island, near Iran's southern oil town of Abadan. In Tehran three prostitutes were executed in the first recorded case since the revolution of women being sent before a firing squad.

Milan killing

Gunmen in Milan assassinated Sig. Giorgio Ambrosoli, the lawyer handling the liquidation of Banca Privata Italiana, once at the heart of the empire of the wanted financier Sig. Michele Sindona.

Skylab trophy

A postmaster and two railway officials, searching for a missing settler, found Skylab's docking cylinder and three smaller pieces of the disintegrated spacecraft in Southwest Australian bush country.

Desai blow

Indian Prime Minister Morarji Desai, fighting for political survival, suffered new setbacks when three Ministers resigned from his Government, taking the total of recent resignations from his Janata Party to 53. Page 3

Wigan winners

Financial Times racing expert Dominic Wigan gave the first six winners at Newmarket — Run Like Hell (11-2), Elusive (11-4), Thumbing (9-1), Silley's Knight (10-30), Paradise Bay (his three star selection, 6-4), and Gilling (4-1) — a 5,544 to one accumulator. Today's racing Page 16

Boycott century

England reached 318 for three on the first day of the first Cornhill Test against India at Edgbaston. Boycott is 113 not out, Gower 43 not out, and Gooch made 83.

Briefly ...

Biggest windmill in the world —with wings the size of a Boeing 707's wings—started generating electricity in North Carolina.

Indonesian Fokker airliner crashed into a mountain in North Sumatra killing all 61 people on board.

Frankfurt court fined a man almost £10,000 for sub-letting a house to 58 Indians and Pakistanis.

BUSINESS

Equities steady; Lead off £27

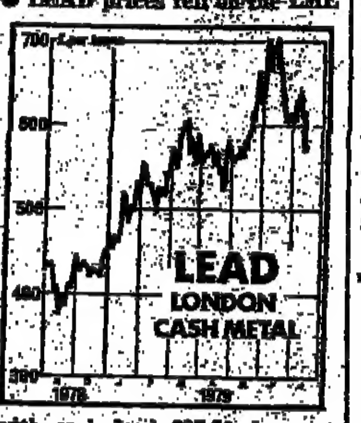
● EQUITIES market was quiet, but leading shares were firm, and interest centred on trading announcements or bid situations. The FT ordinary index closed 1.2 up at 469.8.

● GILTS eased and the Government Securities index fell 0.05 to 72.90.

● STERLING fell 50 points to \$2.2275 and its trade-weighted index fell to 71.1 (71.3). The dollar improved and its index rose to 84.5 (84.4).

● GOLD rose \$1½ to \$296¼ in quiet London trading.

● LEAD prices fell on the LME



with cash lead £27.50 down at £570 a tonne. Page 28

● WALL STREET was 5.46 down at 838.40 just before the close.

● SOUTH AFRICA expects a current account balance of payments surplus of about R3bn (£1.59bn), the finance minister said.

● GENERAL ACCIDENT, the UK's largest motor insurer, is to make its second increase this year on private car insurance premiums. Page 6

● COMMERCIAL vehicle sales for the first half of this year climbed close to record levels, with the import share of the market rising to 23.83 per cent from 20.69 per cent in the same period in 1978, according to motor trade statistics. Page 6

● MINERS' leaders have warned that they would insist that the industry's pay settlement this winter be brought forward to November, because of the effects that the Budget has had on the rate of inflation since the miners' last deal in March. Page 8

ENERGY

● BRITISH GAS has been accused by leaders of the chemical industries of putting UK chemical companies at a severe disadvantage compared with their European competitors by charging a gas price directly linked to OPEC oil prices and by increasing supply to industry by only 1 per cent last year. Back Page; Energy Review Page 14

● NIGERIAN government is to increase its equity stake in joint-venture oil companies, including Shell, BP and Gulf Oil, by a further 5 per cent, bringing its participation to 60 per cent. Back Page

● OIL-CONSUMING nations of the West are now fairly confident that they can reach their target of a 5 per cent cut in demand for oil in 1979. Back Page

COMPANIES

● ROTHMANS INTERNATIONAL tobacco group reports pre-tax profits for the year ended March 31 up from £80.6m to £98.2m on sales revenue of £2.4bn (£1.9bn). Page 20 and Lex

● IMPERIAL GROUP pre-tax profits for the half-year to April 30 rose from £59m to £68m on sales of £1.85bn against £1.71bn. Page 20 and Lex

● IBM, the U.S. computer manufacturer, has announced a 3.4 per cent fall in second quarter earnings to \$667.5m. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Alginate Inds.	370	+ 20	Treas. 12pc 83 A	£98⅞	— ⅛
Barclays Bank	468	+ 5	Excheq. 12¼pc 99 A (£40 pd.)	£42¼	— ⅜
Cartiers	144	+ 10	Bassett (G.)	106	— 7
Centrovincial Ests.	122	+ 4	Christy-Tyler	90	— 9
Downing (G. H.)	129	+ 5	Fairbairn Lawson	26	— 2
Horizon	210	+ 5	Fodens	43	— 3
Howden Group	102	+ 8	Lucas Inds.	257	— 5
Kitchen Queen	57	+ 3	Mackinnon Scotlnd.	28	— 2½
London O'seas Frtrs.	62½	+ 4	Magnet Southerns	172	— 10
MFI Furniture	176	+ 8	Phoenix Timber	122	— 10
Robertson Foods	153	+ 10	Rothmans Intnl.	64	— 3½
Sheepbridge	103	+ 6	Sommerville (Wm.)	65	— 7
Burmah Oil	150	+ 5	BP	1250	— 30
Aust. Cons. Minerals	13	+ 5			
Western Hldgs.	£17½	+ ½			

Unions to fight loss of 12,000 jobs

Shotton and Corby steel plants to go

BY ROY HODSON AND NICK GARNETT

THE BRITISH Steel Corporation is to run down, and eventually end, iron and steelmaking at Shotton, North Wales, and Corby, Northants, with loss of more than 12,000 jobs.

The news, given to union leaders yesterday, brought immediate warnings of resistance against the proposals.

The TUC Steel Industry Committee, meeting Sir Keith Joseph, the Industry Secretary, told him that unless the Government relaxed its cash limits on BSC a fierce fight against plant closures was inevitable.

Mr. Bill Sirs, the committee's chairman and general secretary of the Iron and Steel Trade Confederation, the industry's biggest union, predicted resistance at Shotton but said that the attitude of the workers at Corby might be conditioned by further negotiations he expects with BSC.

The unions are particularly worried about the long-term effect of the Government's stance on cash limits.

Mr. Sirs told Sir Keith yesterday that the tightness of the cash limits would result in the loss of 20,000 to 30,000 steel jobs in the next year. This would have a dramatic impact on the attitude of the work force. "It will be impossible to hold them because of the pressures already upon us," he said after the meeting.

Sir Keith has told British Steel the Government will not continue to fund its revenue losses (£309m for 1978-79) after March 1980.

Mr. Bob Scholey, chief executive and deputy chairman of British Steel, said last night that it would not be possible for the corporation to make money while the heavy iron and steel plants at Shotton and Corby remained in production.

The decision to challenge the unions with two major works closures indicates the urgency with which Sir Charles Villiers, chairman, and his board are tackling the corporation's continuing £1m-a-day losses.

Major iron and steel plant costing £700m is coming into production at Ravenscraig, Scotland, and Redcar, Teesside, in the next 12 months.

The corporation wants to send low-cost steel from the new plants to supply the finishing mills at Shotton and Corby which are to stay open.

On present estimates the Corby iron and steel works, with 6,000, and the Shotton works, with 6,300 employed, will each lose about £40m in the next year.

Delegates from the Corby workers demonstrated outside British Steel headquarters in Grosvenor Place yesterday while the closure plans were being put to union leaders.

In the Commons, Labour MPs jeered the Government when they failed to get an emergency debate on the Shotton closure.

Mr. Barry Jones, Labour MP for East Flint, whose constituency includes the Shotton works, said running-down of steelmaking there would "obliterate" 6,000 jobs directly and 3,000 indirectly.

While Sir Keith was meeting TUC steel leaders, his Department said that the case for making Shotton a special development area would be examined.

British Steel told the Corby workers at the beginning of the year that replacement of locally-made steel with Teesside steel would make economic sense.

At Shotton the workers have always believed the corporation will honour a promise made several years ago to keep steelmaking alive there until 1982.

Mr. Scholey said that this promise had been linked with other potential British Steel capital developments later scrapped

British Steel is nerving itself to put to the unions a full strategy for the future size and shape of nationalised steelmaking. The closure proposals for Shotton and Corby are the best indicator yet of how that strategy will look.

Background to the closures Page 7 ● Parliament Page 10

ITT chief resigns in policy dispute

BY JOHN WYLES IN NEW YORK

INTERNATIONAL Telephone and Telegraph Corporation, one of the world's largest multinational conglomerates, was under new leadership yesterday after the unexpected resignation of Mr. Lyman Hamilton Jr. who has been chief executive for little more than 18 months.

News of Mr. Hamilton's departure over "policy differences" sent a buzz of astonishment through the company's Manhattan headquarters, where it appears that only senior corporate executives had been aware of a widening rift between the 52-year-old chief executive and other members of the 20-man ITT board.

This reached the point of confrontation during a six-hour Board meeting, which ended on Wednesday evening with a brief announcement of Mr. Hamilton's departure and the election in his place of Mr. Rand Araskog, aged 47, the company's chief operating officer.

Speculation on the ITT upheaval immediately focused on the role of the company's chairman, Mr. Harold Geneen, whose 18 years as an incomparably demanding and powerful chief executive closed on January 1 last year when he made way for Mr. Hamilton. There were suggestions within the company yesterday that a group of senior executives supported by some board members had become increasingly unimpressed by Mr. Hamilton's more gentle, collegiate style of management.

It was also implied that there was some criticism, supported by Mr. Geneen, of Mr. Hamilton's steady selling off of marginal businesses. After disposing of six last year with total sales of \$75m, Mr. Hamilton recently said in London that assets worth nearly \$65m would be dropped this year.

While this approach had won applause from Wall Street, Wednesday's events suggest that Mr. Hamilton's critics have carried the day.

But Mr. Araskog's elevation after 13 years with ITT, largely in its U.S. telecommunications and electronics businesses, is not thought likely to lead to a major change of direction.

To the world in general the most important changes associated with Mr. Hamilton were of style. While Mr. Geneen was fond of subjecting the company's management to regular ordeal by interrogation in large groups, Mr. Hamilton favoured smaller, more relaxed and informal sessions. But under Mr. Geneen, ITT had grown into such a vast cocktail of businesses, ranging from insurance to fertilisers, that it was believed no successor could manage the company in the same way.

Mr. Hamilton, who was ITT's treasurer until 1976, had a good first year at the helm when the company's earnings rose 17.4 per cent to \$662m on a sales increase of 16 per cent to \$19.4bn. But in a separate statement on Wednesday ITT warned that second quarter 1979 net income would be about 20 per cent lower than last year largely as a result of foreign currency losses. These figures are not thought to have had any influence on Wednesday's events

Behind the resignation Page 18

TV date for Carter

By Jurek Martin, U.S. Editor in Washington

PRESIDENT CARTER will unveil his new energy and economic policy initiatives in a nationally televised address in the early hours of Monday morning (British time), the White House announced yesterday.

This speech, which a statement said will focus on "issues he feels are important, including energy" will be followed on Monday by an "additional specifics," speech in Kansas City.

His policy decisions on the magnitude of the energy crisis, will be the fruit of ten day's seclusion at the Presidential retreat of Camp David, during which he has confered with advisers and 140 outsiders.

It is expected that the scope of his pronouncements will far exceed the more limited energy speech he was due to give last week.

Tesco bids £19m for Cartiers

BY JAMES BARTHOLOMEW

TESCO STORES yesterday launched an agreed £19.4m bid for Cartiers Superfoods, exactly a year after the Kent supermarket chain went public.

Mr. Cartier, who started in business 10 years ago with £50 and a £500 loan, owns more than half the company. He is 33 and will receive more than £10m from the deal.

He said yesterday that he would have a holiday and then start up another business. He had signed a warranty for Tesco saying that he would not go back into food retailing for at least three years. But Tesco "need not worry" because his next enterprise would be in a completely different sphere.

Cartiers Superfoods consists of 17 stores with net sales area of 240,000 sq ft. A further eight stores are in various stages of preparation. The company, specialising in meat and frozen foods, has a larger profit margin than most supermarket chains.

Cartier's Superfoods was floated on the London Stock Exchange last year at 55p per share. The issue was oversubscribed 105 times. Yesterday, the price rose 10p to 144p a share. The Tesco offer is worth 150p a share.

Mr. Leslie Porter, chairman of Tesco, said yesterday that the price was worth paying because Cartier's sites—its underlying assets—would cost even more if bought individually. "The way people tender these days, you are talking about £25m to £30m," he said.

Mr. Roger Temple, finance director of Tesco, said: "We are concentrating on making a business which is going to be viable in the 80s and 90s and thereafter."

Cartiers would bring new sites, which were in ever shorter supply, and a larger-than-average store size,

He repected the suggestion that Tesco was buying Cartiers to get rid of a dangerous competitor, saying that Tesco was "not unduly strong" in Kent. He did not expect the bid to be referred to the Monopolies and Mergers Commission.

Tesco has been advised by N. M. Rothschild and Sons while Robert Fleming and Co. has acted for Cartiers.

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Home loans expected to rise today

BY MICHAEL CASSELL

THE BUILDING societies are this morning expected to announce an immediate increase in the present 11¾ per cent mortgage rate, taking it to its highest ever level.

A rise of about 1 per cent looks likely, while the net ordinary share rate paid to investors, now standing at 8 per cent, is expected to rise by around the same amount.

To-day's decision will be taken despite Government efforts to persuade the societies that any early change in interest rates should be avoided. The societies believe that they now have an overwhelming case for bringing their rates back into line with the market and are prepared to ride out the expected storm of protest.

A 1 per cent rise in the home loan rate would take the monthly repayments on a new £10,000 loan over 25 years from £104.50 to just under £112, before tax relief.

For many borrowers, the alternative to making higher repayments will be to stretch the life of the mortgage to infinity, although the societies are expected to take a lenient line in this respect in the hope that interest rates will fall again.

The societies' move will be made in the face of rapidly dwindling receipts and forecasts that their position cannot substantially improve in the months ahead without higher interest rates.

The Government's suggestion in talks last week that high rates in the economy were relatively temporary and that societies would find themselves having to lower their rate structure soon after putting it up have not, in the end, proved sufficiently persuasive.

There is no doubt that some of the largest societies could contemplate an increase in investors' rates, which would not then be immediately reflected in the rate charged for home loans.

But at yesterday's meeting of the Building Society Association's policy committee — a preliminary to today's full council session — it was forcefully pointed out that most small societies could simply not afford such a plan, even for a short while.

An announcement of higher building society interest rates today is not likely to be accompanied by a promise that they will fall again quickly. The societies are aware that any forthcoming reductions in Minimum Lending Rates will lead to immediate calls for a lower mortgage rate. But they will be anxious to stay ahead of competitors for funds, in order to finance a larger home loans programme.

The present 11¾ per cent mortgage rate is ½ per cent below the highest-ever home loan rate, which was in effect from October 1976 to April 1977.

Much of yesterday's discussions centred on just how high the rate could go, without causing severe hardship to many borrowers, especially those who took out loans at only 8½ per cent a little over a year ago.

Lloyds personal loans up, Page 6

German rates up

BY JONATHAN CARR IN FRANKFURT AND PETER RIDDELL IN LONDON

THE BUNDESBANK, the West German central bank, has increased its discount and Lombard rates with effect from today in a further effort to curb domestic inflation.

At its last meeting in Frankfurt before the summer recess, the central bank council agreed to raise discount rate by 1 per cent to 5 per cent and Lombard rate (the central bank rate for advances against securities) by one half per cent to 6 per cent.

These are the highest levels for both rates since the spring of 1975.

The West German action was quickly followed yesterday by the Dutch central bank, which increased its official discount rate by ½ per cent to 8 per cent, with effect from today. The rate had been raised 7.5 per cent from 7 per cent on July 6.

Continued on Back Page
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£ in New York

—	July 11	Previous
Spot	\$2.2290-2300	\$2.2195-2005
1 month	0.84-0.79 dis	0.76-0.72 dis
3 months	1.90-1.85 dis	1.72-1.66 dis
12 months	4.56-4.46 dis	4.55-4.45 dis

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Turkey to sign agreement on $400m syndicated loan

BY METIN MUNIR IN ANKARA

TURKEY IS to sign a syndicated loan agreement for just over $400m (£182m) with a group of international banks in London today, a major step by Mr. Bulent Ecevit, the Prime Minister, towards ending his country's foreign currency famine.

However, there will be two conditions on the disbursement of the money: approval by the International Monetary Fund of the new stand-by loan of $300m (£136m) and the orderly restructuring of about $3bn (£1.4bn) of short-term Turkish debts.

A further condition for disbursement is that the banks must be saitsfied with Turkish plans for tackling arrears on unguaranteed suppliers' credits totalling about $1.7bn.

Of the short-term debt, $429m consists of short-term credits by 15 banks to the Turkish Central Bank, which are to be re-financed over seven years with an agreement also to be signed in London today. The balance is made up by the convertible Turkish lira deposits—short-term inter-bank credits whose foreign exchange risk is guaranteed by the Central Bank. These are also to be re-financed over seven years, although it may be between six and eight weeks before the relevant agreement is signed and the new bank loan being signed today becomes available.

This loan falls somewhat short of the $490m which Turkey was asking for. The term is seven years, with three years, grace and interest of 1¾ per cent over the six-month London interbank offered rate for dollar deposits.

The facility will be used to finance essential imports in order to revitalise the Turkish economy, in its third year of depression, and develop export revenues. Turkey undertook to use its best efforts to finance imports from each country roughly in proportion to the money provided by the lending banks of that country.

Barclays, Citibank, Chase Manhattan, Morgan Guaranty, Deutsche and Dresdner Banks and the Union Bank of Switzerland have each put up $25m.

Under the terms proposed for the new facility and the restructuring, Turkey has undertaken to abide by the principles and targets in its letter of intent to the IMF last May.

The only Turkish debt remaining for which there is no definitive programme of liquidation is nonsecured trade arrears to foreign suppliers, totalling an estimated $1.7bn. Plans to liquidate this debt are to be attached to the agreement to be signed today.

M. Raymond Barre, the French Prime Minister

Barre austerity measures to continue

By Terry Dodsworth in Paris

M. RAYMOND BARRE, the French Prime Minister, has made it clear that his policies of economic austerity, initially intended to come to an end in August, will, if anything, have to become even tougher in the next 12 months.

In an interview with a French newspaper, M. Barre admitted for the first time that the Government will have to live with a "significant" budget deficit this year in order to prevent a recession.

But he spelled out his determination to keep a check on wage rises and to prevent a new increase in inflation, even though prices will rise faster because of the increase in the country's oil bill.

M. Barre's remarks form part of a well-orchestrated, if unpleasantly timed, preholiday warning to the French, that the time is not yet ripe for a relaxation of the tight economic policies which have marked M. Barre's period of office. He has been backed up in a sombre statement from President Valéry Giscard d'Estaing, in which he called on the country to face up to the oil crisis and avoid pointless polemics.

In emphasising the need for wage restraint, M. Barre is returning to one of the central themes of his austerity policy. This has been aimed at keeping the growth in incomes generally in line with price increases.

During the last three years there has been a continuous slippage in favour of incomes. Disposal income is reckoned to have gone up by between two and three per cent a year over this period, partly because the Government has allowed substantial rises in minimum wages, and partly because of the upward drift in social security payments.

M. Barre has stressed once again the Government's intention of coming to grips with the expansion in social security and health payments, of which a detailed statement is expected shortly.

On wages, he has emphasised that the Government must go further than in the past and insist on the "strict principle of the maintenance of buying power. This must determine the ceiling and not the base of remuneration."

OPEC cancels European talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

DR. GUIDO BRUNNER, the EEC Energy Commissioner, confirmed yesterday that representatives of OPEC have cancelled arrangements to hold further exchanges with the European Commission on the state of the world oil market and the outlook for Western economies.

The two sides had previously agreed that informal contacts should take place between officials this month to compare economic and statistical information. But Dr. Brunner said that he was informed by telephone earlier this week that OPEC no longer wished the contacts to proceed.

He did not say whether any reason was given for the change of plan, but it appears to be due to resentment among the oil-producing governments at a newspaper interview published last week in which Dr. Brunner accused OPEC of economic "brinkmanship" and of deliberately holding oil production below the level of demand.

He denied, however, that the decision amounted to the breakdown of an incipient dialogue between the EEC and OPEC, though he could not say whether any further direct communications would be likely to take place between them. "There never was a dialogue. There were contacts. They were open-ended and they still are," he said.

The planned exchange of information was agreed at a secret meeting between Dr. Brunner and members of the OPEC long-term strategy committee in London ten days ago. Dr. Brunner said that the committee was due to be disbanded next month, and that it would be up to OPEC Ministers to decide later this year whether to reconstitute it.

Dr. Brunner is understood to have been severely criticised by his Brussels colleagues following publication of the interview.

Richard Johns adds: A member of OPEC's long-term strategy committee confirmed in London yesterday that he had personally informed the European Commission that OPEC had decided to end all contacts with the European Commission.

He was acting on instructions from Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, who is also chairman of the committee.

The OPEC committee is understood to have regarded Dr. Brunner's remarks to a newspaper last week as a breach of a commitment to secrecy about a meeting in London nearly two weeks ago.

Soares given deadline to solve Portugal crisis

BY JIMMY BURNS IN LISBON

DR. MARIO SOARES, the leader of Portugal's Socialist Party, yesterday found himself yet again at the centre of his country's complex political stage in what seemed a last desperate attempt to avoid an early election.

Less than a year after his dismissal as Prime Minister, Dr. Soares was given a 24-hour deadline by President Antonio Ramalho Eanes for submission of a party proposal to solve the five-week-old Government crisis.

The ultimatum was issued after Dr. Soares had asked President Eanes to choose a new Prime Minister either from a list of Socialists or from the ranks of independent personalities judged to be acceptable to the parties. Portugal's non-party Government, led by Dr. Carlos Mota Pinto, resigned at the beginning of last month.

The President however has made it clear throughout the crisis that he would not name a new Prime Minister unless there was a party consensus capable of making a new Government possible. The chances of this have dimmed during the week.

Significantly, Dr. Soares's meeting with the President, the second in two days, was preceded yesterday by a curt statement from the independent Social Democrats claiming that conditions no longer existed for a Presidentially-backed inter-party agreement.

EEC agreement with ASEAN states expected

By Margaret Van Hattem in Brussels

THE EEC is expected to conclude a commercial and economic co-operation agreement with the five Association of South-East Asia Nations (ASEAN) members (Indonesia, Malaysia, Singapore, Thailand and the Philippines) before the end of this year.

The Commission announced yesterday that it would seek a mandate from the Council of Ministers to negotiate the agreement. Formal approval of the Commission's proposals is expected at the first council meeting to be held after the August break, and subsequent negotiations with the ASEAN members, which would follow several years of exploratory talks, are not expected to take long.

The proposed agreement would provide a framework for increasing trade and economic co-operation, and would be non-preferential.

Greek bank strike over

BY OUR ATHENS CORRESPONDENT

THE seven-day Greek bank strike ended yesterday, after a government decision to extend military discipline to counter clerks, who make up about 15 per cent of Greece's 30,000 bank employees.

The Federation of Bank Employees decided to call off the strike and accept new working hours the Government had imposed in an attempt to save energy and bring banking hours into line with those in the EEC.

The new hours, which would require bank employees to begin and end work one hour later, were not suitable in the Greek climate, the federation said, and it did not think any energy would be saved.

The federation avoided mentioning the real reason for the strike: nearly all bank employees moonlight in the afternoons and evenings, and the new hours would interfere with this practice.

Spanish hotel fire kills 71

BY DAVID GARDNER IN MADRID

AT LEAST 71 people were killed and 50 injured yesterday morning when flames ripped through the five-star Corona de Aragon hotel in Saragossa, in north-east Spain.

Among the injured was Sra. Carmen Polo, widow of Gen. Francisco Franco, the late Spanish dictator, although she and five members of her family were later declared out of danger.

The fire started at 8.20 am local time, when boiling oil from a doughnut machine in the ground-floor cafeteria spilled on to the floor, spreading along fuel lines until it reached a gasoil tank behind the kitchens. The tank exploded, and flames ripped through the hotel in a matter of minutes.

Most of the victims were either overcome by the smoke or died after jumping from windows to escape the flames. Firemen took four hours to bring the blaze under control.

Some guests who managed to reach the roof of the 10-storey hotel were lifted off by three helicopters from the nearby U.S. Air Force base. Although one German is among the dead, local reports indicate that few tourists were in the hotel at the time.

The disaster is the worst in Spain since 234 holidaymakers were killed exactly one year ago yesterday in San Carlos de la Rapita, after a lorry carrying ethylene gas exploded and ploughed into their campsite.

Later, Sr. Ramon Sainz de Varanda, the newly elected Socialist Mayor of Saragossa, said the hotel had no effective security against fires. Ironically, the public services committee of the local council had been due to meet yesterday to discuss fire precautions in local hotels.

Basque employers to suspend tax payments

BY OUR MADRID CORRESPONDENT

BASQUE EMPLOYERS who had threatened to put their companies into receivership in the wake of the Olarra affair last week, have now decided by an overwhelming majority to suspend all tax and social security payments.

They are also considering boycotting local banks which they blame for forcing companies into liquidation.

Sr Luis Olarra, the Basque steel manufacturer who last Thursday put his company into temporary liquidation, then vanished, reappeared at a Press conference in Bilbao on Tuesday.

It is generally believed that his move and the chain recation which followed were designed to pressure the Government into coming to the aid of Basque industry.

Sr. Olarra's move consisted essentially of using the Bilbao Municipal Savings Bank's decision to call in a personal loan of Pts 50m (£350,000) to put his special steels company into receivership.

For both Sr. Olarra and the 800 companies in the Vizcaya Province Employers Association, the timing is perfect. In July, half-yearly and social security payments fall due, as well as bonus payments for July and holiday payments for August.

The possible benefits for Basque small to medium-sized industry from the new decision to withhold these payments may, from the local employers' viewpoint, turn out to have been worth the controversy.

Sr. Fernando Abril, Deputy Prime Minister in overall charge of the economy, met immediately with Basque exporters, and promised to reduce non-productive public spending.

Basque employers also suggest that the Government is considering a phased devaluation of the peseta, to offset the erosion of Spanish competitiveness through its advance over the past 18 months.

They claim to have lost some £70m during this period as a result.

However, Sr. Abril is reported by Government officials merely to have told the Basque delegation that he expects a natural and gradual depreciation of the peseta during the third and fourth quarters.

Rome mosque awaits approval

BY RUPERT CORNWELL IN ROME

ITALY'S links with her Arab oil suppliers will become even more solid this autumn if final approval is granted to long-standing proposals to build a mosque in Rome.

The plan, for a handsome white building with a single minaret, has fallen victim to a quarrel between residents at Rome and the city authorities, which has also caused a measure of diplomatic embarrassment

The idea of a mosque in Rome was first put forward by Mussolini to try to sugar the pill of Italy's take-over of largely Moslem Albania just before the last war. But the scheme was prevented by the Vatican.

More recently, though, as Italy's links with the Middle East have grown, the project again took shape to provide a centre of worship and religious study for the capital's 25,000 Moslems.

Arab Governments happily agreed to put up the money required, and in 1974 the municipality donated a piece of pine-covered parkland at Monti Antenne on the northern edge of the city for the purpose.

But then the plans for the mosque run into furious opposition from inhabitants of the smart residential area next to the site. They had started work on turning the land into a chidren's park and playground.

On April 18, the 30-strong residents group, backed by local associations and "Italia Nostra" (the organisation which has fought bravely against excesses of uncontrolled development in Italy), persuaded a tribunal of the Lazio region to suspend the construction licence granted by the municipality.

Now, however, the tribunal has decided provisionally to lift the suspension, allowing work to go ahead. The dangers seem to have receded, but the firm answer will not come until November 28, when the tribunal is to give a final ruling on the whole awkward subject.

Strauss to visit U.S., Moscow

By Roger Boyes in Bonn

HERR FRANZ - JOSEF STRAUSS, leader of the right-wing Christian Social Union (CSU) and the West German Opposition's official contender for Chancellor in next year's elections, is expected to visit Moscow and Washington soon.

In three decades of national and state politics, Herr Strauss has never been on an official visit to Moscow. Now that he is to be the main challenger to Herr Helmut Schmidt in the 1980 elections, Soviet interest in him has clearly revived.

According to Christian Social Union officials, Herr Strauss, formerly the bugbear of the Soviet press, has had long-standing invitations to visit both the Soviet Union and the U.S. The Moscow invitation was apparently made by Mr. Leonid Brezhnev, the Soviet President, when he held talks in Bonn in 1978.

During that visit, Mr. Brezhnev and Herr Strauss were reported to have got on *surprisingly well*. Herr Strauss had formerly been sharply critical of Soviet policies in Africa and elsewhere, as well as the ruling coalition's so-called Ostpolitik.

Soon after the Bonn talks, Communist press attacks on Herr Strauss took a noticeably milder tone.

Euro-Socialists nominate Italian

BY ELINOR GOODMAN IN LUXEMBOURG

THE SOCIALIST group in the European Parliament yesterday decided to field Sig. Mario Zagari as their candidate in the election for the Presidency of the Assembly.

Sig. Zagari beat Mr. Anne Vongeling, the former chairman of the Dutch Labour Party, after Mrs. Barbara Castle, leader of the British Labour delegation, had withdrawn her nomination. Mrs. Castle had been nominated for the Presidency by the Irish Socialists the night before.

The choice of an Italian to run against Mme. Simone Veil, the Liberal candidate, may encourage some Italian Christian Democrats who already have reservations about Mme. Veil not to support her in the first ballot on Tuesday.

This could undermine the existing agreement between the Liberals, Christian Democrats and the Conservatives to give the Liberal candidate a clear run as the nominee of the Centre-Right, and may result in other names coming forward at the last moment.

The Parliamentary arithmetic still favours a win by the Centre-Right, but it looks increasingly as if it may not be decided on the first ballot, and that the tortuous selection process, which has already dominated the three days of group meetings in Luxembourg, could also dominate the first formal session of the Parliament in Strasbourg next week.

Mme. Veil's close association with abortion reform looks like being a serious handicap to her in the first round.

The uncertainty over her chances is in turn increasing the pressure on the leaders of the British Conservative delegation to field a candidate of their own.

Bitter-sweet search for ancestors in Ukraine

BY DAVID SATTER IN MOSCOW

THE TWO-LANE highway to Chernoble wound its way north from Kiev through small, wooden villages, past lush, green pasture land and open fields of rye. Only the occasional sand dune hinted at the nearness of the Dnieper River.

At various times during my three years in Moscow, I considered making a trip to the formerly Jewish town of Chernoble, which my grandparents left in 1913 for the United States, but something always dissuaded me.

The Nazis occupied Chernoble and although a great-uncle had stayed behind, I held little hope of finding anything familiar there. I also knew that the Soviet Union, except for the major cities, is a closed country and any attempt to visit an out-of-the-way place like Chernoble would be met with endless bureaucratic difficulties.

In early May, however, my mother and sister arrived in Moscow for a month's visit and after establishing that the area around Chernoble was officially open to foreigners, I decided to plan a trip.

My reasons were mixed. The last letter from Shaya K., my great uncle, to his brothers arrived more than 40 years ago, but I thought it was still possible that we could learn something of his fate. I also wanted to try to understand better the traditional animosity between Ukrainians and Jews.

The pogroms which swept the Ukraine 70 to 80 years ago ensured that millions of Jews would emigate, that others would fervently back the 1917 revolution and that Zionism would find its base of mass support in Russia. The antagonisms of the Ukrainian farmlands affected the shape of the modern world.

We submitted our itinerary to the Foreign Ministry 10 days in advance of our trip and it was, at first, approved. The approval was cancelled the day before our departure, however, because Yanov, a railway station six miles from Chernoble and apparently the site of the Chernoble atomic energy station, was said to be "closed."

Four re-routings and 36 hours later, we at last found ourselves driving north on the Kiev to Chernoble road accompanied by an Intourist driver and an official "guide" whose presence we were forced to accept and to pay for in hard currency in order to be allowed to proceed.

The trip, however, began to seem worth the trouble. If the Ukraine had endured more than most areas due to the upheavals of the present century, there was little sign of it that sunny afternoon. Swaddled old women shooed cows off the road with rope lashes, moving them in the direction of the brick barns of nearby collective farms.

The scenery opened into vast green plains broken only occasionally by stands of birch and pine trees, reminding one that it had once been possible to earn a living from timber in the area, as my mother's family had done.

As we approached the outskirts of Chernoble, a town of 20,000 people, we saw a long row of modern housing blocks on the plain, but driving down the main street into the town itself, it was obvious that physically at least, very little had changed.

We left our guide and car and began walking down narrow, shaded streets, past white log and plaster cottages with stacks of wood piled neatly in the yards. Cottonwood floated

in the air and the sounds of motorcycles in the distance competed with the crowing of cocks.

We saw an old woman standing near a water tap and, acting on an instinct, I asked her if she could direct us to the Jewish cemetery. She told us how to get there and then, her curiosity aroused, asked us which grave we were trying to find. I asked her if she had ever known anyone by the name of K——.

Seventy years after all but one member of the K—— family had left Chernoble, the old woman smiled and said, "of course I know them. My sister studied with one of the K. daughters. They lived in a house on the main street."

We agreed to visit the old woman and her 80-year-old sister later in the day, but walking back towards the main street, we were met by our guide who told us we were wanted in the city hall.

We followed her to the city hall where we were greeted by Mr. Nikolai Zhavoronkov, the mayor of Chernoble. He seemed uneasy about our presence but immediately assumed reponsibility for organising a "programme" for us although we had not requested one.

He called a procession of old Jewish and Ukrainian women to his office and they, comparing recollections in a mixture of languages agreed that Shaya K. had lived in a house on the main street but that he and his daughters had not been seen in Chernoble since the late 1920s.

We were unable to learn anything more definite from them and we wanted to continue walking around the town. But Mr. Zhavoronkov, apparently in his role as tour organiser, presented us with flowers and insisted on taking us to the Jewish cemetery.

Chernoble had once been three-quarters Jewish but only 2,000 Jews live there today. The Jews who did not flee ahead of the advancing Nazis were rounded up and brought to the old cemetery and forced to dig a long, deep trench within sight of their ancestral graves.

The trench is now covered with a marble slab about 300 ft long and closed off by a metal fence with a small gate. A monument above the common grave reads in both Yiddish and Russian, "Here lie the ashes of citizens beastially murdered by the fascists on November 19, 1941."

Mr. Zhavoronkov waited respectfully as we laid the flowers at the monument but as soon as we had left, he signalled to our driver to take us back to Kiev. I got out of the car and approached him but his friendliness had disappeared. He said the visit was over and if we did not leave immediately there would be "unpleasantness."

Just how well co-ordinated was the effort to forshorten our visit became clear when the Intourist driver and guide refused my request to drive us back into town. This forced me to tell my mother ad sister to get out of the car and the three of us then began walking back in the direction of Chernoble.

The driver and guide relented, as I knew they would, and after some hesitation, they turned the car round, and drove us back into Chernoble.

We left them sitting in the parked car and began to stroll through the main square with its gilded statue of Lenin decked with red flags. By the time we arrived at Sovetskaya Street and the large brick house at number 33, our presence had been noticed and was beginning to attract a crowd.

We may have been the first foreigners to visit Chernoble since the revolution and after we had told people who we were, they clustered round us on the tree-shaded main street, showering us with questions. Women hugged my mother, calling her a "Chernobylyanka" although she was born in the U.S. and children were dispatched to knock on the doors of elderly Jewish people to ask them to come out.

The size of the crowd in front of my great-uncle's house increased—at one point, it even included a passing militia man—and finally a white-haired man in his 60s emerged who said he had actually been a friend of my great uncle's.

He said that the K family owned a lumber yard which was expropriated after the revolution, but that they continued to live in the house on Sovetskaya Street until it was also requisitioned in 1927.

Shortly after collectivisation began, the K family left Chernoble. It was at this time, perhaps because of the Stalinist terror, that the letters from Shaya K stopped arriving. He then moved to Kiev where he got a job buying equipment for a collective farm and when the Nazis invaded the Ukraine, he and his family were evacuated.

The family returned to Kiev after the war and Shaya K died peacefully in Kiev in the 1950s, a "kindly old man" in his 80s.

Satisfied at last with our visit we left Chernoble for Kiev that evening and then went by train to Moscow. Several weeks later, however, an article appeared in Pravda Ukraina, the Ukrainian newspaper, accusing me of having been rude and abusive to officials. The authors never called me for comment but they did manage to reach my Intourist driver who told them if he had his way, I would be thrown out of the country.

It may be a long time before another foreigner visits Chernoble but the secretiveness and xenophobia that Soviet officials showed during this episode were all the more puzzling because they were so unnecessary. Chernoble makes a favourable impression.

The peace and apparent lack of racial hatred in Chernoble may only reflect collective exhaustion, but in a world which underwent civil war, collectivisation, famine and Nazi occupation, I think they must be counted a form of progress too.

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Three Desai Ministers quit

BY OUR FOREIGN STAFF

THE BELEAGUERED government of Indian Prime Minister Mr. Morarji Desai faced fresh problems yesterday as two of his Ministers resigned.

This takes the total of recent resignations from Mr. Desai's ruling Janata Party to 53—leaving him without a majority.

Mr. Rabi Ray, Health Minister, and Mr. Janeshwar Mishra, Minister of State for Energy, and Mr. Jagbir Singh, Minister of State for Information, yesterday added their names to the list of defectors. None of the previous defectors held Ministerial status, but there was talk yesterday of other Ministers deserting Mr. Desai this weekend.

Most defectors have joined Mr. Raj Narain, who was until a year Mr. Desai's Health Minister. Always an outspoken critic of Mr. Desai, Mr. Narain was expelled from the Janata Party.

Mr. Narain was particularly critical of the growing conflict between religious groups in India — particularly between Hindus and Moslems.

Mr. Narain claims that certain factions inside the Janata Party are fomenting religious antagonisms. He criticised Mr. Desai for failing to force these factions to moderate their militant positions.

The confidence vote, called by the opposition Congress Party, was prompted by the Janata Party's failure to act on escalating religious clashes.

Until early this week, Mr. Desai seemed sure of a majority in the Lok Sabah when the vote arose.

Support has trickled away steadily, however. In addition to the 53 defectors so far, Indian commentators suggest that Mr. Charan Singh, Mr. Desai's powerful Deputy Premier and Finance Minister, may resign over the weekend. If he does, others are bound to follow him.

Though Dr. Desai has lost his majority in the Lok Sabah, he refuses to recognise the possibility of defeat in the confidence vote. He claims that several minority parties, notably the non-aligned regional parties and the Marxist Communists, will support him when it comes to the crunch, because they would probably face defeat in any mid-term elections resulting from a Government defeat on Monday.

In the event of a defeat, however, elections might not be necessary. Mr. Desai feels he may be able to create a new alignment of parties, jettisoning the religious extremist factions and taking on board some of the currently non-aligned minority parties in the middle ground.

Thailand's Communists go dormant

By Richard Nations in Washington

THE BEST-organised Communist insurgency in SE Asia—the Communist Party of Thailand (CPT)—has gone silent, following the "temporary" suspension of broadcasting by the Voice of the People of Thailand (VOPT).

The farewell broadcast, first announced on July 10, gave no reason for going off the air after 17 years of uninterrupted propaganda for an armed insurgent force which has grown to an estimated 12,000.

Washington analysts think the Maoist Thai party has decided to "go dormant," partly because of the political confusion, following the Sino-Vietnamese conflict, and partly because of pressure from Peking.

Under the leadership of Vice-Premier Teng, China is anxious to reduce political hurdles to improving relations with the governments of South East Asia.

Gen. Kriangsak Chomanan, Premier of Thailand, is known to have repeatedly told Chinese officials that Chinese support for the Thai Communists is the "last obstacle" to "full mobilisation" of relations between Peking and Bangkok.

For months, Peking has assured the Thais that the matter was being "reviewed." Recently, Vice-Premier Teng told a Thai delegation that they would "no longer have to worry about the CPT."

The Thai Communist Party, dominated by an ethnic Chinese central committee, has made strenuous efforts to remain neutral, even after Hanoi's conquest of Cambodia.

For over a decade, Hanoi has controlled the CPT's most vital supply lines across the Mekong River into neighbouring Laos.

Apparently convinced the Thai Communists were incorrigibly Maoist and potentially a dangerous instrument of Peking's foreign policy, Hanoi began late last year to squeeze the CPT out of their sanctuaries in Laos.

Even this month, the CPT reciprocated by shifting the focus of its propaganda attacks from the Thai Government in Bangkok to the threat of invasion from an "unprecedentedly greedy and arrogant aggressor"—the Thai insurgents' code name for Hanoi.

Analysts detect signs that the Vietnamese are nurturing their own insurgent movement in Thailand to fill the political vacuum expected to follow increasing inactivity of the pre-Peking CPT. "But it will take years to replace the CPT," an analyst in Washington said.

The exodus of refugees from Vietnam has gone a long way towards convincing ASEAN leaders that Vietnam, backed by the Soviet Union, poses a greater threat to the stability of the region than does China.

Splits remain over Suez oil

BY DAVID LENNON IN TEL AVIV

EGYPT HAS reiterated its agreement in principle to sell Israel oil from the Alma field in the Gulf of Suez after it is handed over to Egypt in November. But the two sides are still far from agreement at the technical level.

Mr. Menahem Begin, Israeli Prime Minister, said on his return home yesterday from talks with President Sadat in Alexandria, that there was full agreement about the sale of oil from the field discovered and developed by Israel.

"We will hand over the oil wells to the Egyptians on November 26," Mr. Begin said, "and the following day we will come with our tankers, take the oil, and pay for it at the world market price."

However, the Israeli Energy Ministry drew little comfort from his re-assurance, which is basically a reiteration of the agreement in principle reached before the peace treaty was signed between the two countries.

Despite the high-level agreement, the talks at practical level between experts of the two countries have failed to make any substantial progress on maintenance and development of the field or the technical details of the handover.

Egypt rejected an Israeli suggestion that Cairo participate in financing a $30m project for installing a pressure-maintenance system and drilling new wells in the Alma field.

Egypt has failed to respond to an Israeli offer to sell it the equipment at present being used to operate the field.

Production is around 36,000 barrels a day, meeting one-fifth of Israel's needs.

"The talks are very hard, and there are disagreements," the Energy Ministry spokesman said yesterday.

No new date had been set for a meeting between the technical teams.

● **Ihsan Hijazi reports from Beirut:** A planned visit to Lebanon yesterday by Col. Muammar Gadafy of Libya was cancelled at the last minute, apparently for security reasons.

Uganda plans its new economy

BY MICHAEL HOLMAN IN KAMPALA

IN THE most comprehensive account of the Ugandan economy given since the overthrow of President Idi Amin last April, Mr. Jack Sentongo, the country's Finance Minister, has outlined a three-part reconstruction programme and has given notice of a possible moratorium on all public debt payments.

The has also proposed a Compensation Commission to negotiate the claims of Foreign Governments, companies and individuals—including British Asians—arising out of nationalisation and expulsion under the Amin regime.

The Minister appealed to donor countries and organisations to attend an aid conference set for the end of this month. Noting the continuing shortages of basic commodities, he warned: "It is political dynamite for us to have empty shops—every day that goes by is like a detonator."

As Mr. Sentongo was speaking, Tanzanian soldiers began assembling outside Kampala's Conference Centre for a ceremonial march-past before President Binaisa, to mark the official start of the withdrawal of the 40,000-strong force which overthrew Amin.

Reviewing "Eight years of Amin's tyrany" the Minister, who left the World Bank to take up his post, said the economy was "in total ruins." He gave a sector-by-sector account of the deterioration, and provisional overall balance of payments figures show a deficit of Uganda Sh. 664.6m (£42.8m).

External commitments due but not yet discharged (public debt, service payments, oil bills) reached Sh. 877.8m (£57.2m) by the end of 1978, the Minister added.

As at July 4, the Bank of Uganda overall foreign currency reserves had a deficit of $800m (£272m) and the Government had decided to airlift 30,000 tons of coffee to help ease the situation. Coffee accounts for over 90 per cent of Uganda's export earnings.

Total long-term debt as at June 30, stood at Sh. 2.56bn (£165m). Estimated debt service (repayment and arrears) totalled Sh. 588m (£37.8m) for the financial year 1980 and arrears total Sh. 472m (£30.45m).

"I therefore propose to consult with all creditors on the affecting of an immediate moratorium on all public debt payments. I intend to resume repayments in 1980-81."

Dealing with reconstruction of the economy, the Minister said the first phase would include immediate imports of basic commodities at a cost of SH 800m (£51.6m). The second phase will cover imports of petrol, agricultural, manufacturing and industrial needs.

The third part of the programme deals with capital expenditure and some developmental recurrent expenditure, costed at SH 8.6bn. Defence costs are excluded from the programme.

Fears over S. Africa black jobs

BY QUENTIN PEEL IN JOHANNESBURG

RACE RELATIONS workers and liberal organisations in South Africa are seriously concerned that the Government is stepping up its prosecution of blacks for pass law offences, resulting in greatly increased unemployment in the rural areas.

They have appealed for a moratorium on a huge increase in the fine faced by employers of "illegal" black labour in urban areas, which is set to increase from a maximum of R100 (£58) to R500 (£290).

Recent reports from remote areas in Natal and the Eastern Cape, where thousands of blacks have been "resettled," claim that starvation and malnutrition are rife.

The prospect of more rigid enforcement of the pass laws, resulting in thousands of blacks who lack the official qualifications for urban residence being "endorsed out" to the rural homelands, is what now concerns race relations workers.

Mr. Fred Van Wyk, director of the Institute of Race Relations, said his organisation had received "reports of hunger and want coming from the rural areas.

"This tragic situation can only be exacerabted by the current tightening of the pass laws," he declared.

The Government's attitude to the system of influx control, which was set out in the official reaction to the recent Riekert Report, was likely to aggravate the situation, he added. This involved making some concessions to "legal blacks" in urban areas, while putting more effective vetos on rural newcomers.

Mr. Van Wyk appealed to Dr. Piet Koornhof, Minister responsible for black affairs, "to reconsider the harsh application of influx control already evident."

The last official figures for black unemployment—which are recognised as a considerable understatement—showed the total increased by 18,000 in February to more than 500,000. Other estimates of the effective level of unemployment and under-employment put the figure at about 2m.

Government officials insist that they are not intending to carry out a "blitz" on pass offenders. But they argue that illegal workers in urban areas must be "sent home" to make way for unemployed blacks with legal residence rights.

No figures are available for under-employment and unemployment in the homelands, but figures from neighbouring countries such as Botswana and Lesotho show that migrant labour is being cut.

A law forbidding racial segregation of residential areas, and outlawing racial discrimination in public places such as hotels, restaurants and holiday camps, came into force in Namibia (South West Africa) yesterday, despite sometimes violent opposition from the white community.

MARK WEBSTER in Lagos looks at Nigeria's oil policy

Production targets may be lowered

THE PAST year has seen an extraordinary turnaround in Nigeria's oil fortunes. Not only have the recent OPEC price increases added a further 60 per cent to the value of a barrel of Nigerian crude but there has also been a dramatic increase in the level of production.

For the two quarters from December last to May, Nigeria has been producing at the record level of around 2.4m barrels a day (b/d) compared with an average for the whole of 1978 of only 1.9m b/d. The renewed vigour of the oil market and the recent price rises have given Nigeria back its confidence over its oil pricing policies.

The Nigerian National Petroleum Corporation (NNPC) is now reviewing its policy on the relaxation of oil production ceilings and may reduce the current maximum production ceilings below present production rates. At the same time it has allowed third party customers access to much of the increased production with the operating companies maintaining much the same levels purchased as last year.

Maj. Gen. Shehu Yar'Adua, Chief of Staff at the Supreme Headquarters and an influential member of the military Government, would like to see the number of oil companies working in Nigeria tripled. The Government is believed to be anxious not to rely on a few large companies.

But reports suggest that the Government is also anxious to maximise profits from the oil industry during the present boom in oil prices. The NNPC has strenuously denied reports that it has asked third party customers to pay the spot market price for a part of the oil which they purchase. Nonetheless, the suggestions persist.

The same renewal of confidence can be seen in more aggressive Nigerian policies over using its oil as an arm of foreign policy. British Petroleum was badly hit by the Government's decision to cut the amount of oil it was allowed to buy back from the NNPC by 100,000 b/d.

The move was to punish the company for using a ship to collect Nigerian oil which had been chartered from a Bermuda company indirectly owned by South Africa. The move came only weeks after AGIP had been warned about bringing a ship into a Nigerian port which had Israeli connections.

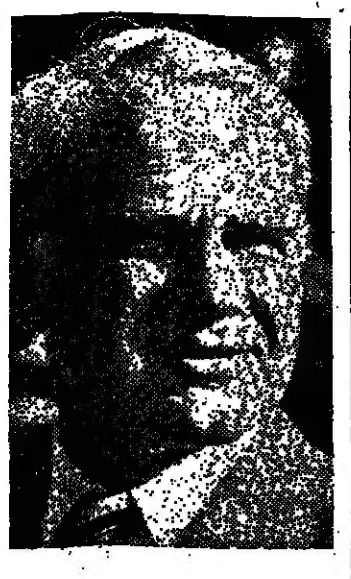
BP is in a sensitive position in Nigeria because of the present Conservative Government's attitude towards the Government of Bishop Abel Muzorewa in Zimbabwe Rhodesia. As a company in which the British Government has substantial interest, BP is considered a potential target for retaliatory action if the Government were to recognise Zimbabwe Rhodesia.

A strongly worded editorial in the influential newspaper the Daily Times recently said that nationalising the remaining interests of BP in the holding company Shell BP would be the most appropriate action to take. There is also little doubt that any civilian government which came to power during the current round of general elections would follow the same line

But the renewal of confidence has come nearly one year after Nigeria took a severe battering over its oil pricing policy. Nigeria lost a large part of its market in early 1978 when a world glut in light crudes made it clear that African producers would suffer a drop in demand of between 400,000 and 500,000 b/d.

It was expected that with a concerted pricing policy Libya, Nigeria and Algeria would together share the cuts. But Nigeria carried on raising its prices until its marker crude "bonny light" reached $14.61 a barrel, making it one of the world's most expensive crudes. As a result, Nigeria took almost the entire drop in demand. Production fell to only 1.52m b/d in March last year, which was 32.5 per cent down on the year before.

A drop in oil revenues is a very serious matter for Nigeria, where oil accounts for 90 per cent of export earnings, 80 per cent of government revenues and 30 per cent of GDP. Moreover, with a population approaching 100m, Nigeria needs every cent it can get from its oil to support its ambitious development projects.



Future of Schlesinger in the balance

By Our U.S. Editor in Washington

SPECULATION persisted here on the future of Dr. Schlesinger, the Energy Secretary. Mr. Jody Powell, the White House Press secretary, dismissed Wednesday's accounts that Dr. Schlesinger would resign, but refused flatly to rule out such an eventuality, or to comment on other suggestions that a substantial shake-up of the White House staff was in the offing.

But other White House aides said that it was "a foregone conclusion" that Dr. Schlesinger would go, with only the timing remaining to be worked out. The problem, they suggested, was more one of finding a successor.

It would, it is freely admitted, be difficult to move any of the acknowledged strong men of the Administration—Treasury Secretary Blumenthal, Defence Secretary Brown, or Special Trade representative cum-Middle East negotiator Strauss into the Energy Department without seriously weakening the areas they would be leaving at critical times.

Some of Mr. Carter's advisers favour importing some knowledgeable and respected figure from the oil industry, but this, they agree, could run foul of the Ethics Act, as well as being highly controversial, given the public unpopularity of the oil companies.

Dr. Schlesinger, for his part, has declined comment on his status. On Wednesday, he was accorded a genuinely warm personal endorsement from several leading members of the Senate Energy Committee, who urged the President to keep him on.

Jumbo jets cleared

MOST OF the world's fleet of nearly 500 Boeing 747 Jumbo jets and 160 Lockheed Tri-Stars have now been given a clean bill of health, following checks on wing-engine mountings in the wake of the grounding of the McDonnell Douglas DC-10 jets in the U.S., **Michael Donne writes.**

So far, with nearly 30 days to go out of the 60 days time limit given for the checks by the U.S. Federal Aviation Administration, it is estimated that over two-thirds of the 747s and Tri-Stars have been checked, with only one crack so far being discovered.

This was on one of Pan American's fleet of 45 Jumbo jets, but it was described as being in a non load-bearing part of a support brace, and in no way affected the safety of the aircraft.

SALT critics

TWO FORMER U.S. SALT-II negotiators stressed the treaty's inadequacies in testimony yesterday to the Senate Foreign Relations Committee as critics of the treaty opened their case, David Buchan writes.

Mr. Paul Nitze, a former Deputy Defence Secretary, said the treaty failed to make significant cuts in the superpowers' nuclear arsenals, while allowing the Soviet Union to achieve superiority, which could have serious political consequences.

Also due to testify was Lt. Gen. Edward Rowny, who served on the SALT-II negotiating team as the representative of the Joint Chiefs of Staff until he retired at the end of last month.

Carter petrol-rationing plan wins approval

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

A KEY CONGRESSIONAL Subcommittee yesterday voted decisively in favour of a standby petrol rationing plan, thus confirming the pronounced shift in sentiment on Capitol Hill brought about by two months of queues at the nation's filling stations.

According to Mr. "Tip" O'Neill, the Speaker of the House, if the plan is approved by the parent House Commerce Committee next week, it could come to a vote by the full chamber in about a fortnight. He forecast that the measure, which is a variant of the President's plan which passed the Senate but was rejected in the House last April, would "fly" in both bodies.

It is considered a virtual certainty that Mr. Carter will once again ask for standby rationing authority when he reveals the policy results of his Camp David deliberations in a television address which looks as though it will take place on Sunday night.

The stream of visitors to the Presidential retreat has now come to an end. Yesterday Mr. Carter was reviewing the energy options papers drawn up by his own staff and by the Department of Energy, covering rationing, the development of synthetic fuels and mandatory conservation measures and designed substantially to reduce U.S. dependence on imported oil over the next decade.

The Bill, which passed the Energy Subcommittee of the House Commerce Committee, by no means gives the President the carte blanche rationing authority he would like to have. Nonetheless, it represents such a turnabout from the confused and parochial atmosphere that permeated Congress in the spring, that the President is bound to use it as a foundation rather than to try to replace it with his own formula.

Unlike the previous proposal, the Bill does not require the President to have a standby rationing plan on the books: he would, instead, be obliged to present his proposals 60 days before he announces his intention of invoking rationing. Congress would still retain the power to veto his specific proposals.

The Bill itself does contain some rationing provisions—to guard against "tank topping" and to prevent drivers from using their cars on one day a week—but the actual system of rationing, whether based on car ownership or possession of a driver's licence has yet to be filled in.

Brazil plans import curb

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL'S newly formed Energy Council has proposed a ceiling of 960,000 barrels a day in imports of crude oil, the level of average daily imports for the first half of 1979.

The 1979 OPEC price increases have added at least $2.5bn to Brazil's bill for imported crude, bringing it to an estimated $7bn for the full year, and driving up the cost of imports of all goods to at least $15bn.

The Government intends to hold imports to absolute essentials, such as machinery, oil, foodstuffs and components, but this year's trade gap is still expected to reach $2bn.

The ceiling on crude imports, if imposed, will mean a reduction of 65,000 b/d in imported crude, since purchases for the second half of 1979 were projected at 1.025m b/d.

Eschewing fuel rationing except as a last resort, the National Energy Council proposes to step up the search for and production of domestic oil. Current production is about 170,000 b/d, mainly from old and dwindling onshore wells.

Meanwhile, fuel oil consumption (31 per cent of all derivatives will gradually be eased, through conversion of industrial boilers to coal and better maintenance of oil boilers. It is estimated that 50 per cent of fuel oil is now wasted through improper maintenance.

The Council may take more firm decisions at its meeting on July 24 but the positive effects of fuel saving plans will take six months to be felt.

U.S. apologises over Skylab

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER has expressed to the Australian Government his relief that no damage or injuries have been reported from the shower of Skylab fragments that rained down on sparsely populated areas of south-western Australia.

NASA, the U.S. space agency, which has said souvenir hunters are welcome to keep any pieces of the 77-ton space station they find in the Australian outback, was yesterday still trying to reconstruct Skylab's disintegration on its 34,981st and final orbit on Wednesday.

But the U.S. defence radar of the North American Air Defence Command (Norad) put the probable impact point of Skylab's heaviest fragments near the south west Australian town of Kalgoorlie, whose inhabitants had reported sighting a large number of glowing objects in the night sky. Earlier Norad had estimated the impact several hundred miles further east, in the Indian Ocean.

By NASA's own admission, therefore, it was only luck that the gamble of bringing down Skylab, the largest object ever put into space, paid off, with no injuries reported so far. The Skylab debris is not radioactive, and in any case the U.S. Government is to meet any bona fide compensation claims.

Given the widespread scare about Skylab's descent, NASA is unlikely to be able to put large objects into space in the future without proper plans to control their return. NASA's main current project, developing the space shuttle, is already under fire

House backs Education Bill

BY OUR U.S. EDITOR

THE CARTER Administration's two-year drive to establish a separate Department of Education in the Government has won a significant, but not necessarily conclusive, victory in Congress.

On Wednesday, the full House of Representatives narrowly approved the Education Bill, but, unlike the Senate which earlier had passed the measure without amendments, saddled it with a number of controversial clauses.

Most of these were inserted by the Right-wing. They range from stipulations encouraging the reintroduction of prayer into schools, banning bussing of children to achieve racial balance, eliminating racial and sexual quotas from college admissions programmes and requiring that university medical facilities not be used for abortions.

These provisions now have to be thrashed out in a joint House-Senate conference committee and it is clear that the Senate members are inclined to strike them out. But this could cost the Bill valuable support in the House.

The Administration's proposal would remove almost all educational functions from the present Department of Health, Education and Welfare and create a new Cabinet level Department with an annual budget of about $14bn and a staff of some 18,000.

The proposal has seriously split many educational special interest groups. Civil rights organisations, for example, have tended to oppose a new Department essentially because it might erode the traditional influence they have managed to sustain in the existing department.

The two leading national teaching federations, often at loggerheads with one another, are also on separate sides of the fence.

Bishop Muzorewa silent on talks

BY OUR U.S. EDITOR

BISHOP Abel Muzorewa left New York for London yesterday refusing to divulge the contents of talks he held with President Carter at Camp David on Wednesday afternoon, because of his pending discussions with Mrs. Thatcher, the British Prime Minister.

Although the Bishop had said that the meeting was "tremendously encouraging," the White House struck a different note, stressing that the President had told the Bishop that sanctions could not be lifted at present. It was implied that Mr. Carter would not authorise any such action without firm evidence that the new regime in Salisbury was willing to move further to the goal of "independence based on full political participation and human rights guarantees for all its citizens."

Mr. Carter has been relieved recently of Congressional pressure to lift sanctions. This was confirmed again on Wednesday when the House of Representatives comfortably voted down another proposal to this effect.

Even Senator Jesse Helms, the Conservative from North Carolina who sponsored Bishop Muzorewa's visit to Washington, said he was willing to give the President more time to mull over the results of his meeting with the Bishop.

From the Bishop's standpoint, the fact that President Carter received him in person is something of a public relations triumph. Last year, Mr. Carter refused to see Mr. Ian Smith when he came to Washington.

Mr. Andrew Young, the ambassador to the United Nations and a major architect of this Administration's Africa policies, was not available to take part in any of the Bishop's meetings in Washington. Mr. Young was in Rome for a meeting of the UN's Food and Agriculture Organisation. While in Washington, the Bishop attacked Mr. Young for his role in formulating U.S. attitudes to the new regime in Salisbury.

Victor Mackie adds from Ottawa: Mr. Joe Clark, the Canadian Prime Minister, accompanied by his wife, Maureen, will visit Cameroon, Kenya and Tanzania on an unofficial visit during his trip to attend the Commonwealth Heads of Government meeting in Lusaka, Zambia.

Caribbean aid aimed at halting instability

BY DAVID RENWICK IN PORT OF SPAIN

U.S. CONCERN at "instability" in the eastern Caribbean has been quickly followed by aid packages clearly designed to ameliorate some of the conditions making for disruption.

The U.S. Agency for International Development (USAID) has authorised an $8.4m loan on very soft terms to the Barbados-based Caribbean Development Bank (CDB) to support an employment-creation programme in the manufacturing, construction and service sectors. An extra $1.4m has been added to the package as a grant.

Most of the money will be channelled to the smaller and less-developed territories in the Caribbean Community and Common Market (CARICOM)—St. Lucia, Dominica, Antigua, Grenada, St. Kitts-Nevis, St. Vincent and Montserrat.

The uncertin political position in these mini-states, highlighted by the March 13 civilian coup in Grenada and the civil unrest in Dominica which culminated in the overthrow of Mr. Patrick John, the Prime Minister, in late June, is causing Washington most concern.

The employment-generating programme will be underpinned by other aid projects, such as $3.9m for agricultural development and a $1.5m grant to establish a public service training scheme.

Washington has also expressed willingness to assist the new Organisation of Eastern Caribbean States (OECS), which is composed of the same territories generally regarded as belonging to the LDC group, in establishing its new regional police/defence force.

According to Miss Sally Shelton, the new U.S. Ambassador to the eastern Caribbean area, the U.S. had not in the past provided security aid for individual territories in the area, but might be prepared to do so in the context of the regional approach to the subject agreed upon by the OECS group. Three—Grenada, Dominica and St. Lucia—are already independent, and a fourth, St. Vincent, will achieve autonomy from Britain on October 27.

Washington would obviously prefer not to see any more "Grenada-type" developments in the eastern Caribbean islands following Grenada, a hope shared by more moderate reformist leaders such as Mr. John Compton in St. Lucia, Mr. Milton Cato in St. Vincent, and Mr. Vere Bird in Antigua.

Although the U.S. was among the first mainland governments to recognise Mr. Maurice Bishop's regime, in Grenada, it rapidly cooled once the People's Revolutionary Government (PRG) became involved with Cuba, which has now despatched an unspecified amount of defensive arms to the island and promises economic assistance on a wide front.

Miss Shelton noted soon after her arrival in the Caribbean that the U.S. would have been happier had Mr. Bishop stuck to "traditional friends" for military and financial support.

His response was that the U.S. had been slow to indicate any willingness to help in the early stages after Mr. Eric Gairy had been overthrown, and he had to turn elsewhere.

The Grenada Government has declined to receive Miss Shelton so far, on the grounds that her implied criticism of their "Cuban connection" constituted interference in its domestic affairs."

Iran faces ultimatum on W. German nuclear deal

BY ROGER BOYES IN BONN

KRAFTWERKUNION, the West German engineering concern, has warned Iran that it will scrap its agreement to build two nuclear power stations at Bushire on the Gulf unless a satisfactory arrangement is reached by the end of this month.

The warning came during a television interview with Herr Norbert Schmitt, who is responsible for KWU's Iran operations. He said that the message was given to the Iranian authorities last week.

Adding further to the general cloud of pessimism surrounding the Bushire project, the programme also broadcast an interview with Dr. Sahabi of the Iranian Atomic Energy Organisation who said that the power stations "did not serve the people or the nation" and that construction should be completely stopped.

If necessary, work could always be resumed in four or five years, but under Iranian management and using Iranian labour, he said.

Although Dr. Sahabi said that outstanding payments to KWU would be paid, he hinted that Tehran would negotiate hard over the exact amount that is due to the German company.

The payments, he said, were geared to an over-priced contract signed by the former Shah's officials and conditions would now have to be renegotiated.

The Bushire project is the country's largest development scheme and was being built at a cost of \$6.9bn. A consortium of four West German building companies was also involved in the construction project.

Negotiations between KWU and Tehran have been continuing for several months but this is the first public indication of an imminent deadline. That all was not going well with the talks was clearly demonstrated earlier this month when Iran took over the care and maintenance of the project from KWU.

Work began over three years ago but was stopped by the new regime in January and there now seems no immediate prospect of a resumption. Completion was due for 1980-81 and the construction work is believed to be about 80 per cent complete.

UK exports to Soviet Union fall

BY DAVID SATTER IN MOSCOW

BRITISH exports to the Soviet Union dropped 16 per cent during the first five months of this year and commercial sources attributed the decline to a pause in deliveries on major Anglo-Soviet contracts which may have been influenced by this winter's strikes.

Figures released by the British Embassy showed that British exports to the Soviet Union dropped in value to £159m in January to May from £189m for the same period last year.

British exports for the whole of last year showed a healthy 22 per cent increase, boosted by deliveries of power station equipment under the Coberrow gas compressor station contract signed in December 1976. An overall increase in exports, plus reduced imports of Soviet raw materials, cut Britain's traditional deficit in Soviet trade by 40 per cent.

During the first part of this year, however, the fall in exports was matched by a rise in imports which had a total value of £303m in 1979, compared with £236m during the equivalent period of 1978.

Britain's five month deficit in Soviet trade more than trebled as a result, rising to £148m this year from only £47m for the equivalent period of 1978.

British commercial sources said they expected the export totals to go back up over the course of the year with deliveries picking up on such multi-million pound Anglo-Soviet contracts as the Davy Powergas methanol plant contract, the CJB polyethylene plant contract and the Simon Carves tyre plant.

David Buchan writes from Washington: Thirteen U.S. chemical fertiliser companies have asked the Government to impose an extra duty on Soviet imports of anhydrous ammonia, which they claim have risen from close to zero in 1977 to an expected 800,000 tons this year and are disrupting the U.S. market.

Their petition, made to the International Trade Commission which has three months to rule whether there is a case for protective action, is the first such complaint made against a Russian product.

The Soviet shipments, which now account for one-third of all U.S. ammonia imports, are almost exclusively the result of a 1973 deal with an American company, Occidental Petroleum.

U.S. to 'restructure' steel import quotas

WASHINGTON — President Jimmy Carter signed a proclamation authorising Mr. Robert Strauss, the International Trade Negotiator to "restructure" the Government's specialty steel import quotas.

The White House said in a brief announcement that the quotas would be modified "in order to distribute them more equitably among foreign suppliers and to mitigate disruptions in supply to U.S. consumers."

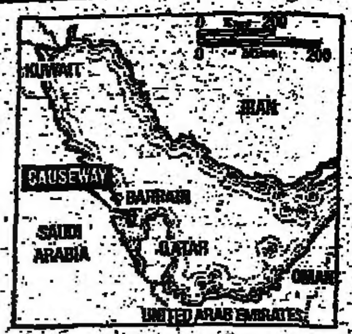
This will assure Sweden, Japan and other countries that they are getting a fair share of the U.S. import quotas, which will remain in effect until February 14 but which will be phased out by overall increases in the quota limits every two months prior to that time.

Swedish steel makers, in particular, felt that they were squeezed out of the quota allocations for the two months beginning June 15, as certain types of steel produced in other countries already were stored in the U.S. and were entered very quickly against the global quotas.

AP-DJ

Mary Frings reports from Bahrain on the fluctuating hopes and rising costs surrounding the planned Saudi-Bahrain causeway

Euphoria gives way to reality



THE CONSTRUCTION of a causeway from the mainland of Arabia to Bahrain has been discussed almost as long as the Channel Tunnel between Britain and France.

As long ago as August 1971 the Saudia Arabian Government promised to give the project "special and immediate attention."

There was a tacit understanding even then that the Saudis, who had land links with every other Gulf State, and what was described as a special relationship with Bahrain, would absorb the major share of the cost.

Now, the Kingdom is pledged to spend "any amount of money," in the words of the Saudi Ambassador to Bahrain, to see the project completed.

Early plans, unofficially priced at \$80m (£36.3m) envisaged land-filled causeways running out from each shore, with a two- to three-mile ferry link as a preliminary to the expensive installation of bridging.

Foundation Engineering, a subsidiary of the Richard Costain group, was commissioned by the Saudi Danish Consultants acting for the Government of Saudi Arabia, to study two possible routes.

The one that emerged as the winner ran from the Budaiya area on the northwest coast of Bahrain, to a point on the mainland between the oil terminal of Al Khobar and the village of Al Aziziyah. The other route crossed further south.

A basic bridge design, received the approval of a ministerial committee from the two States in November, 1976. As it stands now, the design incorporates four bridges spanning 12 km of the total distance of 22 km, with the span over the main navigation channel reaching a height of 26 metres.

With these more elaborate plans taking shape, cost estimates took a corresponding upward turn and were put at \$800m, some 10 times the original estimate.

On Bahrain's western shore, where planners now foresee a mushrooming town of 5,000 dwellings to house the construction force, the Government moved early to forestall speculation over land needed for the approach roads.

They sowed the area with fictitious projects, and landowners were informed that a specified parcel of land was required for pylons, drains, power cables, electricity substations, water pumping facilities and small roads to villages.

It was not until bulldozers began to make clear the purpose of the land requisitions that owners began to realise that they had been outmanoeuvred. No one got rich quick, in effect.

With positive work now under way, euphoria reigned over what the causeway was going to do for Bahrain, not only in terms of the weekend tourist traffic from the Saudi mainland, but in increased trade and job opportunities in the rapidly industrialising eastern province. Stress also was placed on the importance of closer links between the two friendly peoples, and the Saudi interest in the economic and political stability of her small neighbour.

The most recent projections now are that, by the year 2,000 daily traffic across the causeway will be over 29,000 passenger cars and 2,600 trucks.

The initial euphoria faded, however, in the face of the harder reality of arduous negotiations with planning and building consultants, and with delays in the distribution of tenders. These were first announced for 1977, but gradually were put back to 1978 and then 1979.

At least one consortium, reportedly bringing together Mr. Adnan Khashoggi, the Saudi entrepreneur, British Steel, Redpath Dorman Long and others, tried to pre-empt the bidding and negotiate a contract for a sum approaching \$1bn.

Finally the pre-qualification procedures became so complicated, with applications from more than 80 companies, advisers were called in to assist the consultants and the Joint Technical Committee with the elimination process.

The situation now is that 18 consortia have won the approval of the joint committee for the causeway project.

In addition, a design panel of U.S. and European consultants has recommended minor changes to the overall design of the causeway. The selection of consortia and the recommendations of the design panel are now to be considered by the two Governments "some time before September," according to Mr. Yousuf Shirawi, Bahrain's Minister of Development and Industry.

Meanwhile local contracting companies are desperately hoping for a share of the cake, at a time when most other construction projects in the Gulf are at an end.

The two border stations, approach roads and the four-lane motorway across the stretch of water dividing Saudi Arabia from Bahrain are expected to take 4½ years to build, depending, according to one competing contractor, on the degree of Government co-operation. Too much red tape over the supply of labour and materials could mean serious delays.

Ex-Im backs Thai Air Boeing purchase

WASHINGTON — The U.S. Export Import Bank has authorised an \$86.6m (£39.3m) loan to Thai Airways International, Thailand's largest airline, for the purchase of three Boeing 747s.

The aircraft will cost about \$157.6m. The Ex-Im Bank's loan will be at 8¼ per cent annual interest.

Separtely, Ex-Im bank officials and representatives of the export credit institutions of Italy and Japan will provide joint financing to purchasers of the Boeing 767, a new medium-range aircraft to be delivered in 1982.

Boeing is having certain parts of the aircraft manufactured outside the U.S. Six per cent of the new jet will be made in Japan and five per cent in Italy. The agreement is designed to make a common line of credit available to certain purchasers of the 767 and to avoid the administrative problems of negotiating a loan from more than one of the participating countries. An Ex-Im bank spokesman explained.

Under the agreement, each country will furnish loans in direct proportion to its involvement in the manufacture of the new jet. This means the U.S. will provide 89 per cent of the financing. Estimated cost of each 767 is \$25m.

● The Greek Government has approved the purchase of two Boeing 737 aircraft by the state-controlled Olympic Airways, writes our Athens correspondent. Mr. Alexander Papadongonas, the Minister of Transport and Communications, said the purchase was part of the airline's 10-year expansion programme. In February Olympic took delivery of two A-300 Airbus aircraft. The airline holds an option for three additional A-300's, and airline officials say it also plans to buy three more 737s.

Brighter outlook on ship orders

BY LYNTON McLAIN

WORLD DEMAND for new ships has started to pick up with a greater tonnage ordered in the first six months of this year than in the whole of 1978.

Over 10.85m deadweight tons of new ships were ordered in the six months to the end of June, 200,000 dwt more than in the whole of last year.

Lambert Brothers Shipbroking, which gave the figures yesterday, said that June was the busiest month for world shipyards since September, 1974.

A high proportion of the new orders were for fuel-efficient medium-size tankers and oil product carriers.

Much of the world fleet of tankers between 50,000 dwt and 100,000 dwt is becoming obsolete, as few replacement tankers have been ordered in this sector over the past decade, the company said.

The new ships are now being ordered with fuel-efficient diesel engines, to combat the doubling of the price of ships bunker fuel over the past year.

Lambert Brothers said that over half the current total order book—5.6m dwt—is for tankers between 50,000 dwt and 80,000 dwt. This compares with the total of 2.45m dwt of ships of this size ordered last year.

The latest figures from the General Council of British Shipping, published yesterday, showed that the tonnage of British registered ships idle at the end of May fell slightly—32 ships were idle but the tonnage idle fell by 200,000 dwt to 2.6m dwt at the end of May, representing 6 per cent of the UK merchant fleet.

There was also a fall in the tonnage of shipping idle world-wide. A total of 532 ships totalling 24.2m dwt was idle at the end of May, compared with 551 ships at 27.3m dwt at the end of April.

● The Export Credits Guarantee Department has guaranteed loans totalling £12.5m which Williams and Glyn's Bank has made available to Liberian buyers to help finance the purchase of three SD 14 Cargo vessels from Austin and Pickersgill of Sunderland.

HK-China housing project

BY ANTHONY ROWLEY IN HONG KONG

PROPERTY INTERESTS from China and from Hong Kong will join in a residential development above the new Kowloon-Canton railway depot in Hong Kong. The development is expected to cost in the region of HK\$1bn (£90.9m).

The right to develop the private residential complex for 13,000 people has been granted by the official New Territories administration, part of the Hong Kong Government, to Yee Pang Realty. Yee Pang is 30 per cent owned by China's Kin Kwong Investment Company and 70 per cent by Cheung Kong Holdings, one of the biggest property companies here.

LEGAL NOTICES

IN THE MATTER OF ASH & GRANT LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 3rd day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London, W.1, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 29th day of June, 1979.

KEITH DAVID GOODMAN, Liquidator.

IN THE MATTER OF JOHN MILLER (CLOTHING) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 17th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of July 1979.

PHILIP MONJACK, Liquidator.

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN
JORDAN ELECTRICITY AUTHORITY

SOUTH JORDAN DEVELOPMENT PROJECT STAGE 1

KARAK STAGE 11 AND SOUTH GHOR RURAL ELECTRIFICATION

Tenders are invited for the design, manufacture, testing, delivery, erection, commissioning and maintenance for twelve months of equipment covered by the following tender document:—

Tender No. 47/78 (4041/05) for 117kms 33kV and 17kms 11kV single circuit overhead lines, nine 250kVA 33/0.4kV transformers, thirty-one 100kVA 33/0.4kV transformers, eight 100kVA 11/0.4kV transformers with associated ancillary equipment, low voltage distribution, service lines and metering equipment to supply 39 villages in Karak and South Ghor rural area.

The cost of one set of three tender documents will be 80 Jordan Dinars or £135 sterling. Tenderers will be required to produce evidence of substantial experience in work of a similar nature and magnitude.

An application has been made to the IBRD for a loan towards the cost of the project and where appropriate payments for goods and services would be subject to the terms of any Loan Agreement.

A brief description of the extent of the work and general conditions pertaining to the contract may be obtained on written application to:

The Director General
Jordan Electricity Authority
P.O. Box 2310
Amman
The Hashemite Kingdom of Jordan
OR
Preece, Cardew & Rider
Paston House
165-167, Preston Road
Brighton BN1 6AF
Sussex
England.

Applications should quote relevant tender number. Tender documents will be available from the Jordan Electricity Authority, and Preece, Cardew & Rider at the above addresses from 11th July, 1979.

Tenders are to be returned to the Jordan Electricity Authority Office before noon on Tuesday, 4th September, 1979.

The Jordan Electricity Authority does not bind itself to accept the lowest or any tender, nor will it be responsible for any costs incurred by tenderers in preparing their tender.

COMPANY NOTICES

THE NIPPON CREDIT BANK (CURACAO) FINANCE N.V.

U.S.\$50,000,000

Guaranteed Floating Rate Notes due 1986

Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

THE NIPPON CREDIT BANK, LTD.

(Kabushiki Kaisha Nippon Saiken Shinyo Ginko)

In accordance with the provisions of the Reference Agency Agreement between the Nippon Credit Bank (Curacao) Finance N.V. and Citibank, N.A. dated 1st July 1979, notice is hereby given that the Rate of Interest for the initial six-month period has been fixed at 10⅞% pa. and that the interest payable on the relevant Interest Payment Date, 14th January, 1980, against Coupon No. 1 will be US\$56.19 and has been computed on the actual number of days elapsed (186) divided by 360.

12th July, 1979
By: Citibank, N.A., London
Agent Bank

CITIBANK

KINGDOM OF DENMARK

6¾% 1972-1987 Flux. 800,000,000

Holders of the above mentioned bonds are hereby informed that the annual redemption instalment of Flux. 80,000,000 due on 14th August, 1979, has been entirely satisfied by repurchase in the market of 1,600 bonds of Flux. 50,000 each.

Consequently, a drawing by lot will not take place this year. The amount of bonds outstanding, after the amortisation of 14th August, 1979, will be Flux. 640,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg, 13th July, 1979.

BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE

U.S.\$20,000,000 Floating Rate, 1978/1983

The rate of interest applicable for the six months period beginning on July 12th 1979 and set by the reference agent is 11% annually.

PRIVREDNA BANKA ZAGREB

U.S.\$25,000,000

Floating Rate Notes due 1985

In accordance with terms and conditions of the Notes, the rate of interest has been fixed at 12% per annum for the interest period running from July 9, 1979 to January 8, 1980.

Coupon amount for each coupon: U.S.\$61.33 payable on January 9, 1980.

ANNOUNCEMENTS

THE ROYAL BANK OF CANADA (LONDON) LIMITED

is pleased to announce that as from July 5th, 1979 its Registered Office is at

107 CHEAPSIDE, LONDON EC2V 6DT, ENGLAND

Telephone: (01) 606 3060 Telex: 8952664

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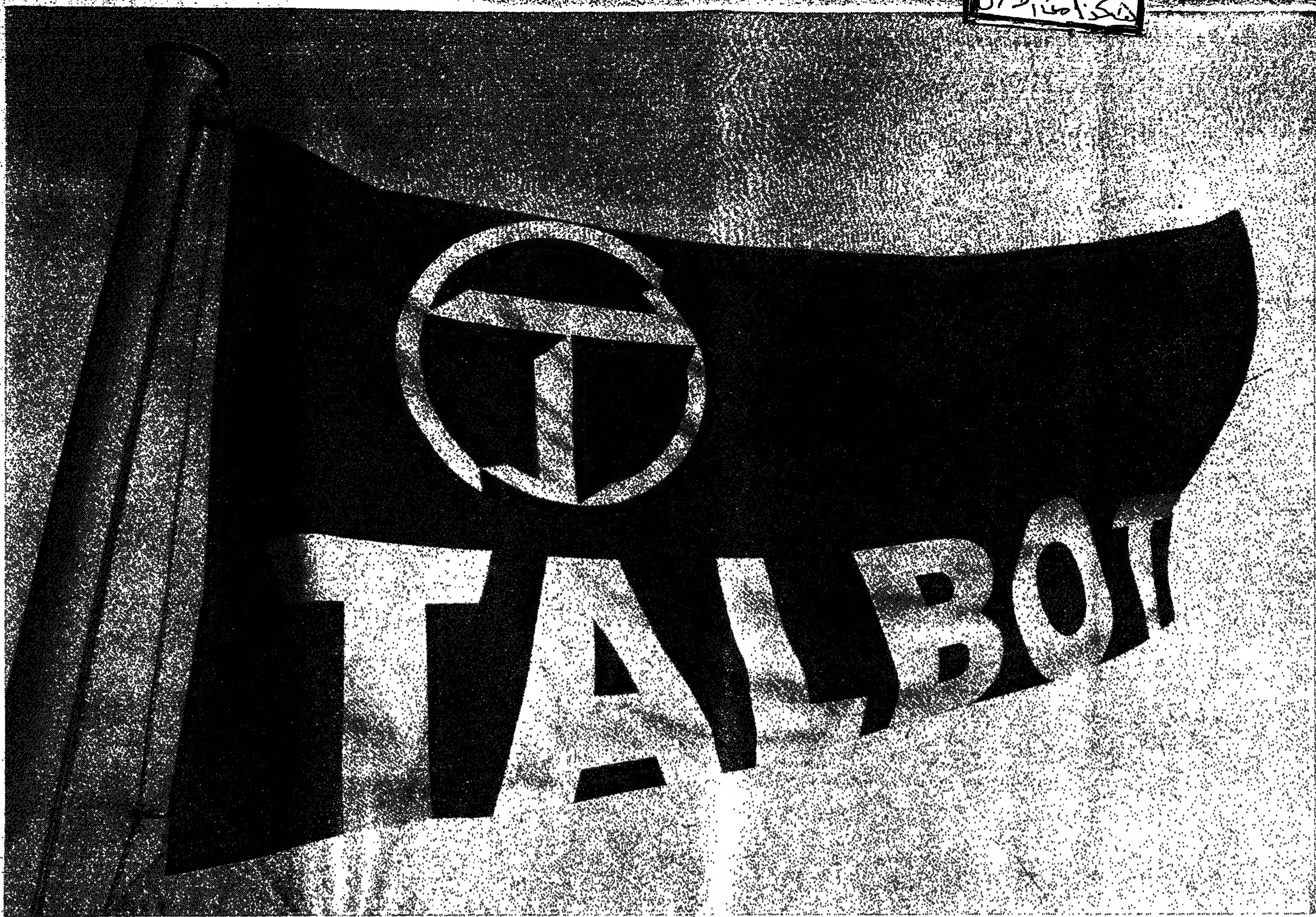

THE TALBOT PROMISE. TODAY AND TOMORROW.

Talbot is the new name chosen for Chrysler throughout Europe. Your Chrysler dealer becomes a Talbot dealer, sells Talbot cars, but still offers personal service and full continuity of spares in the maintenance of your Chrysler.

The name was chosen to represent the new European role of Talbot as equal partners, with Peugeot and Citroën, in Europe's biggest car manufacturing group.

Talbots were built in London as far back as 1903. The original Sunbeam factory today houses a Talbot dealership. Talbots were made in France at Poissy, where Alpines and Horizons are now made. And in 1950 the Le Mans 24 Hour Race was won by Rosier driving a Talbot.

The Talbot name is a proud one – and it symbolises the Talbot promise today and tomorrow–to provide cars that will help you rediscover the true pleasure of motoring.

Talbot will design and build exciting cars that are reliable and fully equipped with active safety features.

Talbot will use electronic innovations that make cars a pleasure to drive and easier to maintain.

Talbot means developing brilliant, highly efficient cars–that don't waste energy.

Talbot quality control will produce cars that inspire lasting pride in owning a Talbot.

Talbot will provide through its Europe-wide network a personal dealer service for people who really care about cars.

The Talbot commitment is to build exciting cars that meet the needs of today without ever compromising on the essential: the sheer pleasure of driving a car.

THE NEW SPIRIT OF MOTORING

TALBOT

Big rise in truck sales this year

By Kenneth Gooding, Motor Industry Correspondent

SALES OF commercial vehicles climbed close to record levels in the first half of 1979.

UK manufacturers could not keep pace with demand and the importers' share of the market rose to 23.83 per cent from 20.69 per cent at the same stage in 1978.

The six-month total was boosted by a buoyant June when 28,711 commercials were registered, up nearly 26 per cent on the same month last year.

During the first six months sales reached 137,144, just over 20 per cent ahead of the same period in 1978, according to statistics from the Society of Motor Manufacturers and Traders.

In this period, Ford maintained its market leadership with 29 per cent compared with 28 per cent for BL, which takes in Austin Morris and Leyland Vehicles, while Bedford, the General Motors subsidiary, accounted for 18.7 per cent.

Ford's strength is among the lighter-weight vehicles. Bedford was market leader for the half-year in trucks of more than 3.5 tonnes gross weight with a 30 per cent share and 7,533 trucks sold (18.6 per cent and 5,861 trucks sold in the same period of 1978).

Volkswagen emerged as the leading importer with a big increase in registrations—50.5 per cent—from 4,378 to 6,590.

At the heavy end of the market, its West German compatriot Daimler - Benz (Mercedes) made a 52.4 per cent advance from 2,051 to 3,126 units.

With Magirus-Deutz also putting on sales by 38 per cent at the heavy end—from 310 to 588—there is now a very heavy balance-of-payments deficit in commercials between West Germany and the UK.

Over half-year UK manufacturers pushed up sales by 19.6 per cent. But only Bedford, with a 39 per cent increase among the major producers, did better than average.

Ford achieved 17.4 per cent, Austin Morris, with its light commercials, 16 per cent, but Leyland Vehicles was only marginally up—from 7,105 to 7,178.

Of the smaller UK producers, Seddon Atkinson, owned by International Harvester of the U.S., increased registrations by 29 per cent from 1,811 to 2,332.

The most significant area of increased penetration was in the four-wheel-drive market. Although BL's subsidiary Land-Rover managed a 16 per cent rise in registrations to 3,576, importers jumped by 47.5 per cent, from 382 to 1,620 and contributed to a 54.5 per cent rise in total sales.

Registrations of Japanese vehicles in the first six months, all in the lighter classes, were around 3 per cent higher

Dan-Air tells panel of BA's 'scandal route'

By Our Aberdeen Correspondent

STEWARDESSES on British Airways Aberdeen to London flights were reduced to tears by passenger complaints and the service became a national scandal, a Civil Aviation Authority hearing in Aberdeen was told yesterday.

Dan-Air is asking for the Aberdeen-Gatwick licence now held by BA. Its legal representative told a CAA panel on the final day of a hearing that the Authority must do something about the service, or risk being part of the same scandal.

Mr. Ric Wharton founder of the Aberdeen Air Service Action Group said: "There are an enormous number of complaints made to cabin staff. I have even seen stewardesses reduced to tears by perhaps the more unreasonable passengers."

Captain Richard Twomey, BA general manager of the UK and Ireland routes in written evidence said that poor performance on the Aberdeen to London route, which BA recognised, had been due in large part to cracks in the Trident wings meaning a substitution by Viscounts. There had also been industrial action by air traffic controllers. But regularity and punctuality had improved dramatically in the past several months.

The Authority's decision is expected at the beginning of September.

Talisman is brought forward

THE STOCK EXCHANGE is confident enough of Talisman, the new computer settlement system, that it has brought forward the next major expansion of its coverage.

From Monday 75 per cent of bargains will be settled through Talisman. This is two months earlier than originally planned and three weeks ahead of the most recently adjusted estimates.

The day of the week on which accounts must be settled is also to move forward from Tuesday to Monday as from August 6.

General Accident car premiums up again

BY LISA WOOD

BRITAIN'S biggest motor insurer, General Accident, announced yesterday it is to make its second increase this year on private car insurance premiums.

From August 1, comprehensive policy holders will have to pay 8 per cent more and non-comprehensive policies for third party cover will go up by 6 per cent. In Northern Ireland non-comprehensive policies will go up 10 per cent.

In February comprehensive premiums went up by 12 per cent, and non-comprehensive, 10 per cent.

General Accident had a total pre-tax profit in 1978 of £90m. But the group's motor account produced a loss. The group's annual report said that the period for which rates could be held at the February level would depend on inflation. Claims were more frequent during 1978 quite apart from those resulting from the weather.

"Having begun 1978 with a discouraging first quarter underwriting deficit of £7.9m, the UK organisation is to be commended for the way it was able to recoup all but £2.2m of these losses in the remaining part of the year."

But, in the first quarter of this year the underwriting loss in the UK motoring account rose to £4.7m after a large rise in claims during the winter.

The company yesterday blamed the latest rise on the increase in insurance claims and rising costs of accident repairs and court awards for injuries.

Mr. Charles Heath, General Accident's UK general manager, said: "This increase was decided on before the Budget. However, it is hoped that the additional VAT cost to motor insurers may, to some extent, be offset by a reduction in accident frequency following the increase in petrol costs."

The company has reduced group ratings for some cars. For example, the Mini 1275 has been reduced from Group 4 to Group 3.

Other UK insurers have also been forced to increase the frequency of premium rises. The Prudential increased rates in February and will make further increases as from August 1. Legal and General made increases in November, 1978 and January this year.

Royal Insurance's customers found their premiums raised in April this year—only six months after the previous rise. Royal has said that another rise could take place this year.

Exchange control cuts 'wider than indicated'

BY JOHN ELLIOTT AND PETER RIDDELL

A FURTHER hint that the Government is likely to announce a reduction in exchange controls later this month came yesterday from Sir John Methven, director-general of the Confederation of British Industry.

After a series of talks with Cabinet Ministers, Sir John said yesterday: "I have, after this week, a fairly firm impression—and we met the Prime Minister this week—that exchange controls are going to be dismantled on a far wider basis than has been indicated."

He added that this did not mean that "they would all go together and at once, but that there will be a steady dismantling."

The CBI has been pressing the Government to ease the problems that the high levels of sterling are causing for industry by relaxing the controls.

It now seems likely that the Government will start a progressive relaxation by removing restrictions on portfolio investment.

Senior Ministers and officials decided at the beginning of this month to bring forward the next stage of dismantling of exchange controls. The emphasis remains cautious and there is no suggestion of any big leap to remove the remaining structure of controls.

Further changes will be made earlier than expected because the initial response to the moves announced in the Budget was to boost external confidence, and hence sterling.

It is not expected that any further relaxation will significantly reduce the demand for sterling in the short term and it could have the opposite effect.

Over the longer term, however, an easing of restrictions on portfolio investment in property and shares could have a much larger impact on capital flows than the changes so far announced affecting direct investment in industrial projects.

The gradual approach to dismantling controls is favoured by both the Treasury and the Bank of England. They are reluctant to abandon altogether weapons for controlling capital flows if the external attitudes change and confidence is undermined, as in 1976.

GLC curbs housing programme

BY ANDREW TAYLOR

MAJOR LAND sales in London may be on the cards following the Greater London Council's decision to restrict its future housing programme to docklands, Thamesmead and a few houses in Covent Garden.

The GLC housing policy committee has decided to concentrate its resources in these three area, which will leave future residential development in other parts of London to private contractors.

In addition, the GLC housing development committee has been asked to review projects already under way in areas outside of Thamesmead and docklands. The council said some projects may not be completed, depending on what stage they had reached.

However, a wholesale scrapping of existing schemes could involve the GLC in heavy compensation payments as work on a large number of these is being done by private contractors.

The GLC must also decide what to do with the surplus land on which it had planned to build new houses. It would seem likely, given the Government's policy on the disposal of surplus land, that the Conservative-controlled authority may offer at least some of this to private developers.

Mr. George Tremlett, leader of the housing policy committee, said the council would concentrate its resources in areas where nobody else would accept responsibility because of the difficulty, the high cost of land reclamation and the cost of providing adequate infrastructure.

The decision to concentrate on these areas will sharply reduce the GLC's building programme. It had planned to build 1,100 homes this year but the figure will clearly be truncated, with only 500 homes planned for Thamesmead and docklands.

A smaller workload can be expected to put some of the jobs of the GLC's 650-strong housing design staff at risk. The council is already considering a recommendation to close its direct labour housing construction department which employs 854 workers.

Electronic company moves to Swindon

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

INTEL, AN American electronics concern, will move its British marketing operation from Oxford to Swindon in the autumn in order to provide more office space for its expanding business.

The company employs 25 people in restricted premises in Cowley, not far from BL's motor plant. The move to Swindon will allow it to expand the workforce fourfold by the end of this year. By 1986, when it expects the site to be fully developed, it plans to employ about 500 people.

Intel was set up in California in 1969 to manufacture microcomputers. It calls itself "the world's most successful manufacturer of silicon chips." Last year its global turnover was about £175m ($400m).

In 1971 the company invented the first micro-processor and it now dominates the micro-computer industry.

The move to Swindon will coincide with a reorganisation in the company's European operations, which are based in Brussels. Swindon will in future be regional headquarters for Holland and Scandinavia as well as the UK.

The company has been looking for an acceptable site for some years for its marketing, administration, servicing and training quarters. It is going to a 19,000 sq ft development on the eastern side of Swindon.

Norwich Union buys Southwark town hall site

FINANCIAL TIMES REPORTER

NORWICH UNION Insurance is to pay £4.68m for the two-acre site at London's Elephant and Castle, on which Southwark Council had hoped to build its controversial £28.5m town hall complex.

The insurance group, effectively one of the largest property developers in the UK, plans to build a 230,000 sq ft office-retail complex on the site.

The Greater London Council decision to sell the land to Norwich Union, whose offer was the highest of four main bids received, will cause renewed problems for Southwark Council which is thought to have bid between £2m and £3m for a 99-year lease on the site.

Southwark said yesterday that it would now proceed with the original plans to build the town hall complex—which could cost £50m by the time it is completed in the late 1980s—at Peckham.

It was this original plan, approved earlier this year, which sparked a wave of protest from ratepayers and caused a split in the ruling Labour group.

GKN 'aids public spending target'

By John Elliott, Industrial Editor

AN ATTEMPT by Guest Keen Nettlefold (GKN) to help the Government cut public expenditure by not applying for a £2.5m industrial aid grant was yesterday cited by the Confederation of British Industry as one of the most significant responses made so far by industry to the Budget.

Other examples produced by Sir John Methven, CBI director-general, as evidence of what he called "a new spirit in management," include a knitwear business which is to downgrade its company cars and wake its employees up early.

A statement issued by CBI headquarters yesterday reported that Dawson International, knitwear and clothing manufacturers, of Kinross, had told Sir John: "Company car policy is being altered downwards. Senior executives must work harder and be seen to work harder. We all know the late starters and early finishers within our business. Start phoning them on Saturdays and Sundays and at 8 am. Tighten up travel costs and switch to economy."

The GKN decision concerns a £2.5m aid application the company had planned to make under the Industry Department's selective investment scheme for help towards a £10m research programme.

New climate

The programme, spread over three to five years, includes some capital expenditure on top of the £9m to £12m annual revenue expenditure on research. The work will include studies on weight saving for heavy trucks, fuel economy and transmissions.

But the importance to the CBI yesterday was that Mr. Trevor Holdsworth, GKN's managing director, had told Sir John that GKN would not be asking for aid because of the climate since the General Election.

GKN said last night that as the Government was trying to help encourage industry with tax cuts and other initiatives, it was felt GKN should respond by helping to cut public expenditure.

During recent talks with Sir Geoffrey Howe, Chancellor, Sir John has discussed how company perks could be reduced following the Budget's tax cuts. Sir John suggested that more might be done when middle managers' tax had been reduced further, but agreed that the CBI would look into the matter.

Post Office falls short of targets

By John Lloyd

A SURVEY recently by the Mail Users' Association showed that only 70 per cent of first-class letters were delivered the next working day, and that only 50 per cent of second-class mail was delivered in four days.

The association's figures are well down on Post Office targets of over 90 per cent success on both services, and are worse than confidential figures for December 1978—May 1979, which show a success rate in the mid-eighties.

Mr. Robin Fairlie, the association chairman, warned postal union leaders that the present poor service could threaten the postal monopoly.

In an open letter to Mr. Tom Jackson, general secretary of the Union of Post Office Workers, and Mr. Frank Pratt, general secretary of the Post Office Management Staffs Association, he said a monopoly was the best system for a mail service, but only when it met its obligations.

"Users view with concern the state of affairs where management and unions seem to blame each other, rather than working out solutions which will meet user need."

Bread price-rise of 1p expected

BY PAUL TAYLOR

BREAD PRICES will increase by a minimum of 1p a loaf later this year, Mr. Garry Weston, chairman of Associated British Foods, warned yesterday.

Mr. Weston told the company's annual meeting the milling industry would feel the effects of the two green pound devaluations agreed earlier this year, on cereal prices "by the end of the summer."

Mr. Weston said milling wheats would rise in price by at least £10.80 a tonne, "a figure which by itself represents 1p a loaf of bread." A poor harvest, resulting in higher imports, would raise the price further.

In the longer term, Mr. Weston said it was uncertain whether the increase in income to the farmer — resulting from the green pound devaluation "at the expense of the consumer" — would stimulate British cereal production, offsetting the future costs.

In May the price of a standard loaf was increased by 2p after the Government's decision to scrap the Price Commission which froze bread prices pending an investigation of the two big bakers, Associated British Foods and Ranks Hovis McDougall.

Banks tighten access to privileged information

BY OUR CONSUMER AFFAIRS CORRESPONDENT

INSURANCE salesmen employed by Barclays Bank and the Trustee Savings Bank will not be allowed access to privileged financial information in customers' banking records.

Both banks issued instructions that such sensitive information should not be used by their insurance salesmen after talks with the Office of Fair Trading. The OFT asked all banks to review their procedures after Press and public concern earlier this year that there may have been a misuse of banking records. Only Barclays and the TSB directly employ insurance salesmen.

All four major clearing banks —Barclays, Lloyds, Midland, and National Westminster—as well as the TSB have also told their staff not to take any other action to use their banking services to promote insurance sales.

In particular, the banks have told staff not to make the granting of a loan or overdraft conditional on a client placing associated insurance business through the bank. Staff have also been told not to withhold new or existing standing orders relating to insurance business in the hope of switching such business to the bank.

Mr. Gordon Borrie, director-general of Fair Trading, said yesterday that instances of unfair practices appeared to have been few and largely inadvertent. "But public disquiet about these practices has been apparent and I believe these new guidelines will ensure that the banks are now clearly seen to conduct their insurance business in accordance with the high tradition of banking confidentiality."

Companies launch venture into machine tool leasing

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MERCANTILE CREDIT has joined W. E. Norton to form a new machine tool leasing company.

Machine tools are an underdeveloped part of the expanding leasing business and the two companies believe this type of financing can greatly increase industry's ability to invest in them.

Mr. Ronald Jones, chairman of the new company, Norcantile Leasing, said yesterday this is the first major entry into "operating leasing" in the machine tool market.

Already used for computers, vehicles and some aircraft leases, it differs from other types of leasing in that the lessor (in this case Norcantile) does not seek to recover the whole of the capital cost out of the rentals payable, because it is taking the risk on the re-sale of the asset at the end of the leasing period.

The scheme can cover all types of machine tools, both British-made and imported. They will not necessarily be supplied by Nortons, a big distributor of machine tools.

The founders of the company believe the scheme will be particularly attractive for companies wishing to acquire expensive numerically-controlled machine tools, although it is also hoping to attract some of the market for standard machine tools.

Mr. Walter Norton, chairman of W. E. Norton said the Norcantile scheme will be "more practical than ever contemplated by the many governmental committees of inquiry in the past, or offered by any cash incentive scheme produced by Whitehall in recent years."

Zip factory to close

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LIGHTNING FASTENERS, a subsidiary of IMI, announced plans yesterday to phase out zip manufacture at Witton, Birmingham, which could mean the loss of about 500 jobs out of a total 700.

The company stressed that as many employees as possible would be offered alternative jobs, and none would be given notice for several months. Most of the workers affected are women. The rundown will take at least 18 months.

Zip manufacture will be concentrated at Peterlee, County Durham, with 370 workers, and Cleator Moor, Cumbria, with 170.

Lightning Fasteners claims about one-third of the UK zip market, but total sales have been hit by changes in women's fashion, the increased import of finished garments, and international competition, particularly from the Japanese.

Lightning Fasteners plans to introduce a new line of plastic zips in the UK, which

Ombudsman criticises taxmen

THE INLAND REVENUE department has been strongly criticised by Mr. Cecil Clothier, the Parliamentary Ombudsman, in his quarterly report, published yesterday.

One case involved a complaint from a 77-year-old woman who said she had to meet a tax under-payment of £159 because of a series of administrative errors in the department.

Mr. Clothier said after completing his investigation that "the tax offices merit strong criticism for their part in the mismanagement of the complainant's affairs—I am left with misgivings about a situation in which this elderly taxpayer could face deductions well into her 80's."

Butter price cut not passed on

By Our Consumer Affairs Correspondent

THE 6p-a-pound cut in butter prices as a result of the Government's subsidy was not fully implemented in all shops, says a sample survey by the National Consumer Council.

The butter subsidy, announced at the same time as devaluation of the green pound earlier this month, should have led to an immediate 6p cut in prices.

The council's survey—carried out with the help of local consumer groups after the reduction was due to take place in 10 Midlands towns, found that while all supermarkets had implemented the price cut in full, many smaller grocers had not.

The price cuts ranged from 2p to 5p a pound in small grocers, while all "corner shop"-type stores still sold at the old price.

While these findings may reflect slower turnover of stocks in small shops, the council suggests that consumers "shop around" to make sure of getting the benefit of the butter subsidy.

Nestle's announced a wholesale price rise yesterday for its instant coffees which will mean an 8p rise in the shops for the new 100 gramme-size jar of Nescafe.

The more expensive freeze-dried coffees, such as Gold Blend and Blend 37, will go up by about 10p. But the coffee mixtures, Nescore and Elevenses, will not be affected until the autumn.

Lloyds Bank raises loans rate

Financial Times Reporter

LLOYDS BANK has increased the interest rate on new personal loans and home improvement loans as from today.

Lloyds announcement of the rise yesterday followed that of National Westminster Bank which earlier this week added half a percentage point to its interest rates in this field. Midland and Barclays have taken similar action in the last month.

Lloyds true rate of interest on new personal loans will depend on the repayment period, which can vary between six months and three years. The same applies to home improvement loans, where repayment period can vary between six months and five years.

LSE to resist extra fee for foreign student

By Our Education Correspondent

THE LONDON School of Economics emerged yesterday as leader of university resistance to the Government's extra increase in overseas students' tuition fees, which will raise the fee-levels by 33 per cent this autumn.

A resolution passed by the governors of the LSE, two-fifths of whose 3,500 students come from abroad, deplored the fee increases and condemned the Government's decision to limit overseas students by imposing quotas on admissions.

Prof. Ralf Dahrendorf, director of the LSE, said that the principle on which it was resisting the restrictions was not that fees should be kept low.

The principle was that the presence of intellectually able people of other nationalities in UK institutions of higher education was important to development of the general culture of the country.

"Britain is not so poor that it has to give up that opportunity," Prof. Dahrendorf said.

Even before announcement of the extra increase the LSE had had a decline in applications

Rhodesian oil supplies: call for inquiry likely

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

REVIVED PRESSURE for a Parliamentary inquiry into how British Governments failed to stop the flow of oil to Rhodesia is expected to follow the publication yesterday of a book detailing the history of this murky affair.

"Oilgate: The Sanctions Scandal" is by Mr. Martin Bailey, a journalist who has worked on the story for nearly four years. It was partly as the result of his initial findings by him and his colleague, Mr. Bernard Rivers, that the Bingham Inquiry was set up. These findings caused Mr. Tom Jackson, the Post Office Workers' leader, to threaten to resign his post as one of the two Government nominees on the BP Board if some action did not take place. At the same time there was pressure on Britain from Zambia.

The Bingham Report has since been passed to the Director of Public Prosecutions and one of the last acts of Dr. David Owen as Foreign Secretary was, invoking the original Sanctions Order, to require the oil companies Shell and BP to supply documents to the DPP.

The initial parliamentary inquiry sought by the Labour Government was rejected by the House of Lords. Dr. Owen says he remains of the opinion that there should either be a further inquiry or, if the DPP decides to prosecute, the matter should be investigated through the legal channels. The Dutch Parliament has ordered an inquiry into the activities of Royal Dutch Shell but in Britain it is doubtful whether the matter will be brought before Parliament before it goes into the summer recess.

The U.S. Treasury is investigating the role of U.S. companies in possible sanctions breaking. Dr. Owen, while he was Foreign Secretary, had said that the DPP was considering whether Castrol had broken British sanctions legislation but on June 12 the Attorney General told the Commons that the DPP was not inquiring into the company's activities.

A suit by Lonrho claiming damages to its interests as a result of BP and Shell breaking sanctions has been referred to arbitration, and a Zambian suit against the oil companies it to be heard in the autumn.

Mr. Bailey said yesterday that he found it ridiculous that a company which had sold £27,000 worth of petrol pumps to Rhodesia had been fined while the companies supplying the petrol had never been touched. He said that even if sanctions were lifted in the autumn companies which have supplied oil in the past would still have broken the law and their prosecution was necessary if people were not to believe that Britain's biggest companies were above the law.

The book alleges that BP and Shell initially attempted to cover up the sanctions scandal with "a stream of false information"; that the oil companies worked with civil servants to mislead their ministers and with ministers to mislead Parliament; and that British intelligence agents were incompetent in their attempts to monitor even the most elementary facts about how the Rhodesian regime obtained the oil supplies which allowed it to survive.

Introducing the book, Mr. Anthony Sampson, journalist and author, argues that as with Watergate, far wider issues than the central one are involved, in particular that of how Whitehall and the oil companies work. He concludes: The true lesson of this book is surely that the effective implementation of any serious policy, including sanctions, depends on honest governments and honest corporations, both of which have been so tragically found wanting.

Oilgate: The Sanctions Scandal, by Martin Bailey, Coronet Books, price £1.50.

New York gallery buys £34,000 censer cover

SALEROOM

BY ANTONY THORNCROFT

A RHENISH romanesque gilt bronze censer cover dating from about 1150 sold for £34,000 to a New York gallery at Sotheby's yesterday in a works of art auction which totalled £420,718. The 11.5 per cent buyer's premium and VAT must be added to the price. Renaissance bronzes were much in demand and Colnaghi gave £16,000 for an Italian bronze bust of Alfonso II d-Este in the manner of Leone Leoni of the late 16th century.

Lubin paid £13,800 for a Netherlandish polychrome wood group of the Lamentation dating from the late 15th century, a Cologne gothic marble figure of the Virgin and Child made £13,000; and an Upper Rhenish gothic polychrome figure of St. James the Elder sold for £9,500.

In the studio ceramics at Sotheby's Belgravia a Martin Brothers barrister bird made £3,000.

At Bonham's, Old Master paintings totalled £200,660, with foreign dealers much in evidence. The Madonna and Child by the Circle of Simoni Martini sold for £19,000 and a portrait by M. Gheeraerts the Younger, £9,500. A Dutch landscape by Theobald Michau realised £9,000 and there were two prices at £8,000; for a Dutch estuary scene by Abraham Storck and a cavalry skirmish by Karel Breydel.

At Christie's, a Japanese cinnabar and black lacquer cabinet made the top price of £2,700 in a furniture auction which totalled £99,600. A Dutch walnut and marquetry display cabinet fetched £2,600. Among the Indian miniatures a private collector gave the best price of £1,500 for an illustration to the Ramayana, of around 1800.

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Profit order quickens closures of steelworks

The Government has directed British Steel to get back into profit within a year. ROY HODSON, RHYS DAVID, ARTHUR SMITH and MAURICE SAMUELSON look at the problems.

NEW POLITICAL and economic pressures have combined to force British Steel to quicken the pace of its iron and steelworks closures programmes.

Proposals for the ending of iron and steel making at Corby and Shotton within the next year will be followed by further schemes to encourage voluntary redundancies and the furnace closures.

The most potent new factor is Government direction to British Steel to get the business back into profit within a year. Sir Keith Joseph, Industry Secretary, has set the corporation the Herculean task of making money from March 1980 onwards. The corporatino now loses £1m a day. It has been losing at that rate or more for the last four years. Managers and workers have become accustomed to their plight.

Sir Keith is determined to jolt the corporation out of that attitude.

The recent boardroom division has also played its part in precipitating the crash closures programme. Sir Charles Villiers, chairman of the corporation, failed to secure the support of his board for his own management restructuring programme. As the fall-out from that row is still settling both he and the board are determined to show that they can manage vigorously in spite of their differences.

The third factor is the poor outlook for world steel. Even the most optimistic British Steel managements and steel union leaders are not new prepared to fight for the retention of old plant on the argument that it will be needed to cope with a revival in world demand.

The corporation estimates that about £80m a year will be saved by ending iron and steelmaking at Shotton and Corby and supplying the finishing mills at those works with steel from its newer plants.

Another £100m of the corporation's annual losses now being paid in interest charges may be saved if the Government agrees next year or the year after to a capital reconstruction of BSC which would write off some of the accumulated debt. The interest is being paid on a wide range of plant some of which will never again be needed in the opinion of the corporation and of Whitehall.

Yet another £100m has to be saved, however, to achieve the break-even target by next spring. British Steel believes it can—with a lot of luck—achieve that saving by a combination of good housekeeping, further slimming of its white collar staff to match shop-floor redundancies, and a new drive to recapture home market business lost to imports during recent years.

Hugh Routledge

Corby steelworkers protest at British Steel's London headquarters.

Welsh problems increase

THE SHOTTON closure will add a further dimension to the already very serious unemployment problem in Clwyd, where 9 per cent of the labour force is already out of work—a figure exceeded in Wales only by the neighbouring county of Gwynedd. The impact will also be felt on Merseyside and Chester which supply almost 20 per cent of the labour force at the plant.

The effects will also be felt beyond the steel industry in service and supply industries where, according to the Clwyd Council, as many jobs again could be affected.

About 100 workers are employed on handling iron ore at Birkenhead docks and the loss of this traffic could be serious. The Mersey Docks and Harbour Company already has substantial over-capacity in its Liverpool general cargo dock system. Iron ore traffic is also of considerable importance to the Birkenhead-Shotton-Wrexham rail line.

The latest job losses come on top of an earlier cutback of 2,000 from 1974 onwards in the finishing complex at Shotton and also follow substantial reductions in other industries on which the area has traditionally depended.

The area has been one of the main UK centres for the production of wood-pulp based cellulose fibres, but with the market for these being eroded by newer synthetic fibres and imports, a total of 3,500 jobs has been lost at Courtaulds' plants on Deeside since 1972.

Fortunately for the area, the other main pillar of its economy—the aerospace industry—has been buoyant, and new jobs are being created at British Aerospace's Broughton works which makes the HS 125 executive jet and the wings for the European A300 and A310 Airbus.

Somewhat less happily, the decision to bring the closure forward wipes out the two-three year breathing space during which the various development agencies were hoping to plan a build-up of new opportunities.

Corby fears 20% unemployment

PARTIAL CLOSURE of the Corby steelworks, according to local forecasts, would push unemployment beyond 20 per cent and cause widespread social problems.

Known as the "steel town," Corby has long suffered from its over-dependence upon one industry. Though set in the prosperous county of Northamptonshire, efforts to diversify have met with little success. The 2,124 jobless people represent an unemployment rate of just under 7 per cent, which is nearly double the 3.7 per cent average for the country

Union leaders say that in addition to about 5,000 workers to be shed by British Steel more than 1,000 jobs are directly at risk at dependent facilities operated by British Oxygen, Fisons, and Tarmac.

Removal of employment on that scale, even ignoring the effect upon jobs in the commercial, service and ancillary trades, would be traumatic.

Mr. Charles Chapman, chief executive of the Corby Council said that contingency plans were being drawn up by a joint employment committee representing local authorities public agencies, trades unions and management.

The committee has kept its proposals secret for fear that outsiders might construe alternative plans as an acceptance of the proposed closure.

Representations have already been lodged with the Government for the granting of assisted area status. Mr. Chapman said a meeting was still being sought with Mr. Michael Heseltine, the Environment Secretary, to discuss Corby's future and the need for additional resources to deal with employment problems.

The key question for Corby is whether the Government's new regional policy — a statement upon which is imminent — will have the flexibility to make provisions for special assistance

Industry still faces static demand

ALTHOUGH STEEL output in Britain rose 3.7 per cent in June compared with the previous month, this was far too low to suggest any long term recovery in demand, the corporation said yesterday.

Figures released jointly with the British Independent Steel Producers' Association, put average output in June at 451,700 tons a week. This was a 9.8 per cent increase on June, 1978, but the healthy short-term order position followed the damaging effects of transport difficulties and bad weather early in the year.

Output in the first half of the year, averaging 418,000 tons a week, was only 3.4 per cent higher than for the corresponding period last year.

The static demand emphasised the continued excess of capacity over activity, especially when new, more efficient capacity was about to come on stream at Ravenscraig and Redcar, the corporation added.

Concorde nose goes on display

THE full-size working model of the pilot's cockpit and nose section of Concorde has been bought for £5,000 by Bristol City Council. It will be put on display at the Industrial Museum.

Bank plans to help students' parents

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A LOAN scheme to help families whose student children receive less than the full maintenance grant, was announced by the Midland Bank in London yesterday.

"Parents earning upwards of £4,700 a year can find themselves having to contribute a substantial amount each term towards the local authority grant," said the bank.

"Our new scheme is designed to help parents to arrange for a planned regular outlay spread over a period, instead of having to produce lump sums three times a year."

Families will be able to borrow 50 times the amount of their agreed monthly payments under the scheme. These can be £10, £20, £30 or £40 a month, and may be increased at any time during the period of the loan.

Interest will be 4 per cent above the Midland's base rate, which is 14 per cent. But there are to be no fees or service charges.

Sums of £50 or more can be drawn up to three times a year during the loan period, which will depend on whether the student's course lasts for three or four years.

Borrowings which remain outstanding at the end of the period, plus due interest, will be settled by the monthly payments. If parents wish, they may use the scheme in conjunction with a deed of covenant.

Free medical screening for Olympic athletes

BY PAUL TAYLOR

BRITAIN'S 1980 Moscow Olympic Games squad, together with contenders for the British Olympic team, are to be medically screened free of charge by the British United Provident Association (BUPA)—the UK's biggest private medical care organisation.

BUPA said yesterday, it would *also insure contenders and team* members for specialist and hospital treatment to get the athletes back into training as quickly as possible.

About 600 contenders for places in the final Olympic team will be screened initially at the Association's medical centre in London. The 280 members of the final team will be given a free second screening just before the July, 1980, Olympics.

The sceme, announced jointly by the British Olympic Association and BUPA executives, is aimed at giving the British team pre-games *facilities* equivalent to those enjoyed by competitors from other nations.

Sir Denis Follows, chairman of the British Olympic Association, said yesterday that because of BUPA's generous offer Britain had moved a long way towards catching up with other nations in comprehensive unified tests for competitors, using the most up-to-date equipment.

BUPA said that the facilities and insurance offered to the competitors would normally have cost about £100,000. The cost to the organisation will be far less because the athletes will be healthy, and because BUPA staff will provide time free of charge.

Apart from the value of sponsorship, Mr. Derek Damerell, chief executive of BUPA, said the screenings would also provide a valuable bank of information both for BUPA and for the British Olympic Association.

Increase in textiles sales

By James McDonald

INCREASES IN textile sales are recorded by the Textile Distributors Association during May, compared with the same month last year.

Sales were up in 11 of the 14 categories listed by the Association. Women's knitted outerwear, blouses and skirts showed an increase of 32.4 per cent over the year, while women's coats, costumes, furs, and raincoats rose by 13.7 per cent.

Sales of women's underwear were 17 per cent up and women's hose and children's socks rose by 3.6 per cent.

Swan campaign on target

IF THE PRESENT rate of return of 1p tokens from Swan Vestas match boxes continues British match makers Bryant and May estimates that the target of 1m will be reached by mid August. The company plans to present a cheque for £10,000 to Sir Peter Scott, Director of the Wildfowl Trust, for conservation of the increasingly rare Bewicks swan.

Field Marshal

GENERAL Sir Roland Gibbs, Chief of the General Staff, is to bep romoted to Field Marshal. He will receive his baton from the Queen on July 17.

Airey Neave Memorial Trust established

BY JAMES McDONALD

THE Airey Neave Memorial Trust has been established by the Commons to commemorate the MP who was killed this year by a bomb in the Palace of Westminster.

The trust is being created "to provide for research into the extent of personal freedom under national laws."

Its sponsors include the Prime Minister, the Archbishop of Canterbury, Lord Hailsham, Mr. James Callaghan, and the Cardinal Archbishop of Westminster.

Other sponsors include Mr. Hugh Fraser, Mr. Jo Grimmond, Mr. Roy Mason, Lord Shawcross and Dr. Eamon Kennedy, the Irish Ambassador.

The Trust, depending upon the contributions, may include the provision of travelling scholarships. Candidates will be chosen after submitting a synopsis of the scope of the paper they intend to write.

Priority will be given by the Trust to applications from candidates from fields in which Airey Neave had a particular interest — former pupils of Radley College or Abingdon School and graduates of Merton College, Oxford, holders of degrees in science or law, members of the legal profession, former prisoners of war, authors and members or former members of either House of Parliament.

The value and number of the scholarships will depend upon the amount of money received. Application for the Trust to be registered as a charity, has been made.

Contributions should be sent to the Airey Neave Memorial Trust, c/o The House of Commons, London, SW1. Covenant forms will be available on application.

Parliament, Page 10

Mediation begins in bank dispute

By Our Labour Staff

MEDIATION BETWEEN the Midland Bank and its two unions will take place today in an attempt to end a pay dispute which is affecting the other four English clearing banks.

Officials of the banking, insurance and finance union—the Association of Scientific, Technical and Managerial Staffs—and officials of the bank had a preliminary meeting yesterday at the offices of the Advisory, Conciliation and Arbitration Service. They agreed on Professor John Wilson, of the Faculty of Law, Southampton University, as the mediator.

The executives of the banking union decided earlier this week to intensify industrial action unless today's talks provided a solution.

The union intends to hold a ballot on industrial action amongst its members in the departments of the four banks that operate the Access credit card service.

The banks orginally offered a 12 per cent new money with extra amounts worth 3 to 5 per cent in a nine month deal. During talks last week, Midland raised the offer to 12.5 per cent. The unions are seeking about 15 per cent new money.

Miners to insist on November pay deal

BY PHILIP BASSETT, LABOUR STAFF

MINERS' LEADERS warned yesterday that they would "insist" that the industry's pay settlement this winter be brought forward to November because of the effects of the Budget on the rate of inflation since the last deal in March.

Shifting the present settlement date would place the 254,000 miners at the head of the pay queue and give them the winter months to press home their claim.

A further indication of the strong feeling which led the miners last week to adopt a policy of seeking increases of between 30 and 65 per cent this winter was shown yesterday when Mr. Arthur Scargill, Yorkshire Area president, tried to get the union to put in the claim immediately.

Mr. Joe Gormley, National Union of Mineworkers president, rebuffed Mr. Scargill's challenge by 14—9 and won acceptance for his timetable, which will lead to the claim being submitted in September, after the TUC.

"We shall be insisting on the November date," he said, "I think we need another increase in November to make up for the leeway we have lost."

The executive also discussed the Government's proposals to reform labour law on picketing and the closed shop. The union declared itself in line with the decision of the Transport and General Workers' Union this week of complete opposition to the projected changes.

There were even moves in the executive to prevent the union's TUC representatives from discussing the proposals with Mr. James Prior, the Employment Secretary, though Mr. Gormley persuaded some members that in meeting him the union could make it clear "how stupid his suggestions are, and the irrelevance of the proposed changes to the economic argument."

Duffryn move

Mr. Gormley confirmed that the National Coal Board had given a conditional reprieve to the Deep Duffryn colliery in South Wales. The union gave a blunt warning at its conference last week that closure would cause widespread industrial action.

Work will start on Monday on preparing a new face at the pit, which is expected to be ready in six weeks. The pit will then be given three months to prove itself profitable—present losses are put at £20,000 a day—and after reviewed at three-monthly intervals.

A letter to the union from Mr. Cliff Shephard, NCB member for industrial relations, said that if the pit continued or became unprofitable, discussions would begin on transfer of the 435 miners to other collieries, and the pit would close.

Mr. Shephard said the NCB was concerned about the relationship between new and old capacity within the context of Plan for Coal, the industry's blueprint up to 1985 to which both sides were committed.

● John Lloyd writes: The first meeting under the present Government of the tripartite committee on coal discussed the prospects of meeting the increased demand for coal in the short term, the longer-term strategy for the industry, and the possibility of increased markets in Europe.

Mr. David Howell, the Energy Secretary, made clear, as he has on several occasions since taking office, that the Government broadly agreed with the investment levels and strategy followed by the NCB.

The Government's review of Plan for Coal is still continuing, though it is expected to give general endorsement to the Plan.

NUR strike threat to London underground

By Gareth Griffiths, Labour Staff

AN INDEFINITE strike on the London underground may begin next week, according to the National Union of Railwaymen.

The action depends on whether London Transport implements an arbitration award worth about 14 per cent.

Mr. Charles Turnock, NUR assistant general secretary, said the union's national executive meeting today might reimpose a strike among its 15,000 tube members. Feeling among underground staff for indefinite industrial action was running very high.

London Transport held informal talks with the NUR and the train drivers' union, ASLEF, last night, in an attempt to avoid a strike. LT refused to implement the arbitration award on Wednesday, unless the unions agreed to one-man train operations on the City, Hammersmith and Circle lines.

Mr. Turnock said there was a difference of interpretation between London Transport and the unions over parts of the arbitration award statement dealing with measures to improve productivity. The executive's proposals over linking payment to one-man operations had come out of the blue.

The NUR is prepared to start talks over ways of increasing productivity on the underground in line with a 1968 agreement, but not before the arbitration award is paid.

ASLEF will also be taking industrial action if talks on the arbitration award fail. The award, made by a three-man ACAS-sponsored tribunal, was not binding on any of the parties.

Unions clash on school cuts

By Our Education Correspondent

LEADERS of teachers' and public employees' unions yesterday gave the Government conflicting warnings on cuts in education spending.

The economies must be in ancillary services such as school meals, said Mr. Terry Casey, general secretary of the 112,000-member National Association of Schoolmasters and Union of Women Teachers. Mr. Alan Fisher, general secretary of the 720,000-strong National Union of Public Employees, warned the Government to "keep their hands off the school meals service."

Turn new technology to advantage of workers, says Evans

BY ALAN PIKE, LABOUR CORRESPONDENT

NEW TECHNOLOGY had to be turned to the advantage of working people, Mr. Moss Evans, general secretary of the Transport and General Workers' Union, said yesterday.

No one should imagine that micro-technology would automatically lead to an improvement in the quality of life, he told delegates to the union's conference at Scarborough. The might of the union must be swung behind the fight to harness new technology on acceptable terms.

"We have got to bend this technology to our purpose. We have got to turn it to our advantage—the workers' advantage—and put it to the best use of working people," Mr. Evans said.

Delegates adopted a resolution calling on the TGWU to take the lead in the TUC to investigate and formulate a policy to deal with silicon chip and micro-processing development "in order to monitor and anticipate possible effects on all aspects of employment."

The TGWU is concerned that, with its large and widely spread membership, its members in many areas of industry will have their lives affected by technological change. Guidance on how negotiators should react is contained in a publication on new technology issued at this week's conference.

It tells members that the union should not regard all trends as bad, and it should not resist them blindly. The important issue is the role of technological development. The way of ensuring that scientific knowledge can benefit the workforce is through "careful but firm negotiation."

"Because of the scale of the changes likely to result from technological development, there must be a "concerted move towards real industrial democracy," even if this does not immediately mean seats on the Board.

Shorter working hours would become an issue of even more pressing importance in the future. Employers must be "brought to see the wisdom of sharing work" with a rapid move to the 35 and then 30 hour week, a reduction in overtime, and increased leave.

Finally, the TGWU recommends that special technology agreements should be drawn up between unions and employers as soon as possible. The agreements would establish a joint procedure to be followed in the introduction of technological changes. They should undertake to introduce new technology only by mutual agreement and without enforced redundancies. Changes in skills or working practices would be reflected in improved pay.

BL men plan action over new wage structure

A STRIKE at a BL car plant has been threatened because of the company's decision to introduce a new wage structure.

Shop stewards in the Transport and General Workers' Union at Pressed Steel Fisher, Cowley, yesterday recommended a withdrawal of labour if the company attempts to impose its wage grading structure.

They have rejected the company's position and say they will continue the campaign for all production workers to be in one grade and also seek a better deal for union members at the car body plant.

The TGWU has 4,000 production workers and 2,000 ancillary workers at the Pressed Steel Fisher plant where it has been able to keep production workers' rates on a par with craftsmen's rates.

But the five-grade wage structure, which BL says it will introduce as part of its parity scheme, gives skilled workers at Cowley a higher weekly wage than line workers for the first time.

Craftsmen will get £6.25 a week more than production workers under the company's proposal.

The TGWU branch at the factory says it will co-ordinate action with opposition to the scheme from other car plants.

Long-term bills likely after phone disputes

By Our Labour Staff

POST OFFICE telephone customers may be faced with a three-month, then a six-month bill aimed at easing administrative difficulties caused by industrial action of clerical and computer staff.

Union officials believe that the Post Office is considering sending out three-monthsly bills as soon as the dispute with 43,000 telecommunications staff is settled, to recoup the £689m revenue backlog as quickly as possible.

The second batch of six-monthly bills would go out when work was near-normal. The officials think that effects of the computer strike will be felt for perhaps 12 months in bills, and in Post Office staff relations for considerably longer.

Action by clerical and computer staff, members of the Civil and Public Services Association and the Society of Civil and Public Servants, has stopped the issue of computer-processed telephone bills since early April.

Borrowings

The Post Office said yesterday that it was estimated that 15.3m bills worth £689m were delayed by the strike. About £200m worth of bills had been reclaimed by manual billing, particularly of large companies and other major subscribers.

The telecommunications business has borrowed about £5m a day for the past few weeks from the postal side at commercial rates of interest to ease the revenue delay.

Both the CPSA and the society are close to a settlement, expected next week, on an offer giving basic increases of 9 per cent, with 5.7 per cent for grade restructuring, 2 per cent for productivity and 2½ per cent for moving the settlement date.

Such a settlement might not satisfy computer staff.

● Some CPSA moderates believe that elections for the union executive may have to be held again if the ballot for vice-president, which is being held again after voting irregularities at the annual conference in May, goes the same way as the re-run elections last year.

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UK NEWS—PARLIAMENT and POLITICS

Standards of living to be indexed

BY IVOR OWEN

IMPROVEMENTS IN net take-home pay resulting from the income tax cuts made in the Budget will be reflected in a new standard of living index, the **Prime Minister** confirmed in the Commons yesterday.

She made clear that the Government hopes that this addition to the official indices on the cost of living will be taken into account by trade union negotiators in the coming pay round.

The Prime Minister said that the new standard of living index, which will stand alongside the existing Retail Price Index, would more accurately reflect the cuts in direct taxation.

Mr. Michael Neubert (C, Havering, Romford) maintained that a standard of living index would give a much fairer and correct assessment of the effects of the Budget on the average family.

It would also demonstrate, he said, that the claim made by Mr. Moss Evans, General Secretary of the Transport and General Workers' Union, that pay negotiations would need to take the price index as the starting point was "bogus and unwarranted."

Labour MPs angrily returned to their charge that the rich are the main beneficiaries of the Chancellor's tax cuts and at one stage almost shouted down the Prime Minister.

They were incensed by her retort when **Mr. David Stoddart** (Lab, Swindon) challenged her to explain how the Government could ask ordinary trade unionists to exercise wage restraint when a Treasury Minister had admitted that 30 per cent of the income tax reliefs in the Budget would go to the richest 5 per cent of the population.

The Prime Minister answered: "That leaves 70 per cent to go to the rest."

Shouts of protest and derisive laughter from the Labour benches momentarily silenced Mrs. Thatcher and **Mr. George Thomas**, the Speaker, intervened to insist that she must be allowed to complete her answer.

The Prime Minister pointed out that tax reliefs could not go to those who did not pay tax. "The greater relief is bound to go to those who pay the most tax," she said.

Mrs. Thatcher firmly rejected criticism by **Mr. Michael Meacher** (Lab., Oldham, West) on the Government's insistence on strict adherence to the monetary targets set by the Chancellor.

"Unless we tackle the money supply problem there is no hope of beating inflation in future years," she insisted.

Mr. Nicholas Winterton (C., Macclesfield), urged the Prime Minister to tell TUC leaders that it would not be democratic for unions to indulge in political strikes.

He suggested that the Government should legislate to ensure that if such strikes took place the cost of supporting the families of those concerned fell on the trade union movement and not on taxpayers.

Mrs. Thatcher replied: "We have no immediate plans for legislation on that particular matter." But she thought that most people would agree with Mr. Winterton that the business of trade unions was to look after the interests of their members and not to engage in politics.

Answering questions about the Government's proposals for limited reform of trade-union law, the Prime Minister discounted suggestions that they will encounter "outright opposition" from the TUC.

There were angry protests from Tory MPs when in later questions on next week's Parliamentary programme **Mr. Dennis Skinner** (Lab., Bolsover) described the Prime Minister as "a heartless woman."

He made the charge after referring to a report that the bone marrow transplant unit at Westminster Hospital, which treats young people suffering from leukaemia, was in danger of being closed down because of lack of financial resources.

The Speaker commented that although MPs were accustomed to "hard hitting," the very personal attack made by Mr. Skinner on the Prime Minister was "unworthy of this House."

Government details price control by competition

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT'S strategy of controlling prices in the long term through increased business competition was set out yesterday in its Competition Bill.

The Bill largely conforms with the policy announced by **Mr. John Nott**, Trade Secretary, after the Queen's Speech last month. Although fairly short—it contains 17 paragraphs—its publication has been delayed by lack of Parliamentary time.

However, the Bill is not expected to receive the Royal Assent until later in the year after it has completed its Parliamentary stages.

It has four man elements.

It strengthens the power of the Director General of Fair Trading and the Monopolies and Mergers Commission to deal with practices that restrict or limit competition in the public and private sectors.

It gives a new power to the Secretary of State to refer nationalised industries and other public bodies to the Monopolies and Mergers Commission to investigate their efficiency, costs, services to consumers, and the possible abuse of monopoly power.

It creates a new procedure to enable the Secretary of State to ask the director general to investigate prices of wide public concern; and it abolishes the Price Commission and repeals associated legislation.

The Government decided not to adopt the procedure followed in the U.S., West Germany and other countries that list in law such anti-competitive practices as face legal proceedings.

Instead, the Government has chosen a much broader definition of anti-competitive practices.

Clause Two of the Bill defines anti-competitive practices as a course of conduct that has, or is intended or likely to have the effect of restricting, distorting or preventing competition in the UK. But it does not include a course of conduct under an agreement registrable under the Restrictive Trade Practices Acts.

Although the definition of anti-competitive practices is broad, it seems likely that the Director General of Fair Trading will be concentrating on the practices outlined in chapter six of the Labour Government's Green Paper on restrictive trade practices.

In addition, anti-competitive practices disclosed by the Price Commission over the past two years will be studied, as will those practices of which the Office of Fair Trading is already aware.

It seems likely that the Government will introduce a turnover threshold criterion to exclude very small companies from the Act, although collusive action by small companies might still be subject to the new law.

The Bill provides for the Director General of Fair Trading to carry out preliminary investigations of suspected anti-competitive practices, subject to a veto by the Secretary of State during the first 14 days of the investigation.

The director-general will be given powers to obtain information for his investigations.

When the investigation is completed, the director general must publish his findings, stating, with reasons, whether he has identified an anti-competitive practice. If so, he must say whether it is such that a further investigation by the Monopolies and Mergers Commission would be appropriate to establish whether the practice is against the public interest.

Alternatively, companies will be allowed to offer undertakings of fair trading to the director eral instead of being referred general instead of being referred to the commission.

If no undertaking is accepted by the director general, a reference to the Commission will be made normally within eight weeks of publishing his initial report.

In his reference to the Commission, the director general will specify which enterprise and practices referred to in his report should be further considered.

If the Commission confirms finding of an anti-competitive practice, they must go on to consider whether it operates against the public interest.

Again, the Secretary of State has the power to veto the Commission's investigation in the first 14 days.

There is a six-month time limit on a commission investigation on a competition reference, which may in exceptional cases run to nine months. When the investigation is concluded, the report is sent to the Secretary of State for Trade, who is then responsible for publication.

Under clause nine of the Bill, the Secretary of State—where the Commission has reported that a practice harms the public interest—to request the director general to seek an undertaking from the company not to continue with the practice.

Clause 10, however, gives the Secretary of State the power, after an adverse report and where no undertaking has been made, to make an order prohibiting the practice concerned or for remedying its adverse effects.

For the nationalised industries and other public bodies, the Bill gives the Secretary of State the power to make a new type of reference to the Commission, empowering it to question the efficiency, costs and service provided to consumers, as well as a possible abuse of a monopoly by a named body.

The bodies that may be the subject of a reference include trading enterprises whose members are appointed by a Minister (to cover the nationalised industry corporations); providers of bus services (to cover national and municipal bus companies, including London Transport and some private operators); water authorities and companies; agricultural marketing boards; and subsidiaries of any of those.

The commission's reports on those new references must be completed in six months but may be extended for three more months. The Secretary of State must publish the report, subject to the same provisions as for competition references.

Where the commission's report concludes that conduct operates against the public interest, the Secretary of State may make an order to remedy its adverse effects. That power excludes prices.

The effects of the Bill will mean a net reduction in civil servants, of about 450, with staff at the OFT and the Commission increased by about 40 each. In addition to the scrapping of the Price Commission's 530 staff, which will account for most of the staff cuts, there will also be a small reduction in the staff of the Department of Trade.

There is expected to be a net saving in expenditure of £6½m.

Bid to block schools Bill

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

LABOUR MPs last night made a concerted attempt to block progress on the Government's Education Bill, which makes it no longer compulsory for local authorities to introduce comprehensive schools systems.

After two hours of parliamentary guerrilla warfare, the Speaker, **Mr. George Thomas**, suspended the Commons sitting for ten minutes so that tempers could cool and the parties could have discussions, in an attempt to resume business.

Labour MPs tried to prove that the Bill was incorrectly drawn up and, in effect, unconstitutional. In an explanatory paragraph to the legislation, the Government claims that it had no financial implications and no implications for public service manpower.

But the Opposition argued that this was clearly incorrect. They believed that the cancellation of comprehensive systems was already involving extra expenditure and manpower for local authorities.

This, they said, would eventually have to be met by Central government through the rates support grant. Thus they maintained that the bill should contain a money resolution setting out the expenditure involved.

If this were not done, then it should at least have a full explanatory memorandum, giving full illustrative figures for the expenditure involved.

Wrangling

They persisted in their argument in spite of the fact that the Speaker maintained the Bill was in order. Even after the 10-minute adjournment, progress was still blocked as member after member on the Labour benches raised further points of order.

The delays came as the Bill entered its final report stage and Third Reading. It was expected that the wrangling over the legislation would continue well into the early hours of today.

Mrs Ann Taylor, a Labour education spokesman, claimed that money was already being spent in her constituency of Bolton West as a result of the Bill. Bolton was due to go comprehensive in September, but now, the local Conservative controlled council had scrapped the plans.

There would, therefore, be extra administrative and postal costs and additional overtime by staff. There would also have to be changes in the building programme.

She said that Bolton was spending £33,000 on teachers' pay, and the same amount on school building because of the changes in the Bill.

Mrs. Taylor said Mr. Mark Carlisle, Education Secretary, had told a Bolton Conservative meeting during the election that they should not implement the comprehensive scheme and should hang on to their Grammar schools.

She quoted him as saying that if Bolton did not go comprehensive, he would provide extra funds for Bolton schools.

Roger Taylor

Dr. Kurt Waldheim, UN Secretary-General, calling on Mrs. Thatcher at 10, Downing Street, yesterday, for talks on Rhodesia and the Vietnam refugees.

Death move likely to be rejected

By Philip Rawstorne

THE COMMONS is expected to reject next week a move to re-introduce capital punishment, which was abolished in 1965.

MPs will be given a free vote on the issue on Thursday when the Government, in line with its General Election pledge, will provide time for a debate on a Tory back bench motion.

Mr. Elden Griffiths, Tory MP for Bury St. Edmunds and consultant to the Police Federation, will call for the death penalty to be made available again to the courts.

His motion, signed by more than 100 Tory MPs, does not specify for what offences.

Mr. James Callaghan and almost all of the other 267 Labour MPs will vote against the return of the death penalty.

Mrs. Margaret Thatcher is expected to support the hanging motion but many of her Cabinet colleagues—including William Whitelaw, Home Secretary, and Norman St John-Stevas, leader of the Commons—as well as a substantial number of Tory backbenchers will vote against it.

Dressing-down for tieless MP

TWO LABOUR MPs were given a dressing-down for their allegedly slovenly appearance in the Commons yesterday.

Mr. Dennis Canavan (Stirlingshire West), who sat amid rows of jacketed MPs in an open-necked shirt and rolled-up sleeves, and Mr. Dennis Skinner (Bolsover), who was also tieless but wearing a sports jacket, were criticised by Mr. Barry Porter (C., Bebington and Ellesmere Port)

Jenkins in 'look to Europe' call

BY ROBIN REEVES, WELSH CORRESPONDENT

MR. ROY JENKINS, the Brussels Commission president, urged the Government last night to throw its weight behind European solutions to the growing economic difficulties.

"What is certain and beyond doubt is that no individual country, not even those temporarily backed by oil, is equipped to row its own boat in the troubled waters of the world economy," he told the annual dinner of the Development Corporation for Wales in Cardiff.

Speaking in Britain for the first time since the general election, Mr. Jenkins said the need for cohesion had not always been recognised in the past. "But the lesson of the Strasbourg and Tokyo summits is that none of us can any longer afford to go our own way, oblivious to the rest of the world," he declared.

Mr. Jenkins gave a warning that Europe was already behind the U.S. and Japan in the advanced technology revolution. But the investment involved to keep pace was too large, the social and industrial consequences too wide, for the effort to be tackled on anything but a European scale.

"We cannot and must not waste time and energies on a fragmented market and competing national programmes," he said.

Equally, the regions of Europe were even more reliant upon a wider economic cohesion. "I believe it is only within the wider context of the Community that we can hope to find permanent and lasting solutions for regions such as Wales," he added.

Shotton statement sought

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. JAMES CALLAGHAN, Leader of the Opposition, last night demanded a Government statement in the Commons on the decision of the British Steel Corporation to close the Shotton steel works in North Wales.

His call followed heated exchanges in the House, when **Mr. Barry Jones** (Lab, Flint East) failed to secure an emergency debate on the closure. The steel works is in Mr. Jones's constituency.

However, **Mr. Norman St. John-Stevas**, Leader of the House, held out little hope of a Government statement. He said that individual closures were the Corporation's responsibility.

Mr. Callaghan protested that undertakings had been given that Shotton would remain open. Governments had previously intervened in such matters. He called on the Government for a statement to the House on Monday.

When Mr. St. John-Stevas failed to respond, **Mr. Eric Heffer** (Lab., Liverpool, Walton) shouted across the chamber: "Have you got no responsibility for these people at all?"

Calling for an emergency debate, Mr. Jones declared: "I believe the Government is conniving in an action which is unjust, unwise and totally without humanity."

The closure would endanger the social fabric of his constituency. Few jobs were forthcoming to replace those lost in steelmaking.

Law officer may act on Neave broadcast

MRS. THATCHER, the Prime Minister, fiercely attacked the BBC yesterday over a television interview with a member of the Irish terrorist group who claimed a part in the murder of Mr. Airey Neave, her friend and confidant, in March.

Sir Michael Havers, the Attorney-General, is considering possible action over the interview with a member of the outlawed Irish National Liberation Army.

Mrs. Thatcher said: "Having seen a transcript of this programme, I am appalled it was ever transmitted. I believe it reflects gravely on the judgment of the BBC and those who were responsible for the decision."

Her attack, in Question Time, followed the screening last Thursday of an interview with an anonymous member of the organisation.

Another Conservative, **Mr. Tom Benyon**, who took Mr. Neave's Abingdon seat at the general election, wrote to the BBC calling for an apology for the programme, which he described as in the "worst possible taste."

Mr. Ian Trethowan, BBC Director-General, has replied to Mr. Benyon defending the BBC's action. "In our coverage of Ulster, the last time we interviewed a member of an illegal organisation was five years ago. That in itself, I would have thought, demonstrated the careful consideration given before an interview of this nature is considered."

Mr. Dick Francis, BBC Director of News and Current Affairs, told a Broadcasting Press Guild lunch yesterday that the Corporation may have "tended to do too little" in its treatment of terrorist organisations in Northern Ireland.

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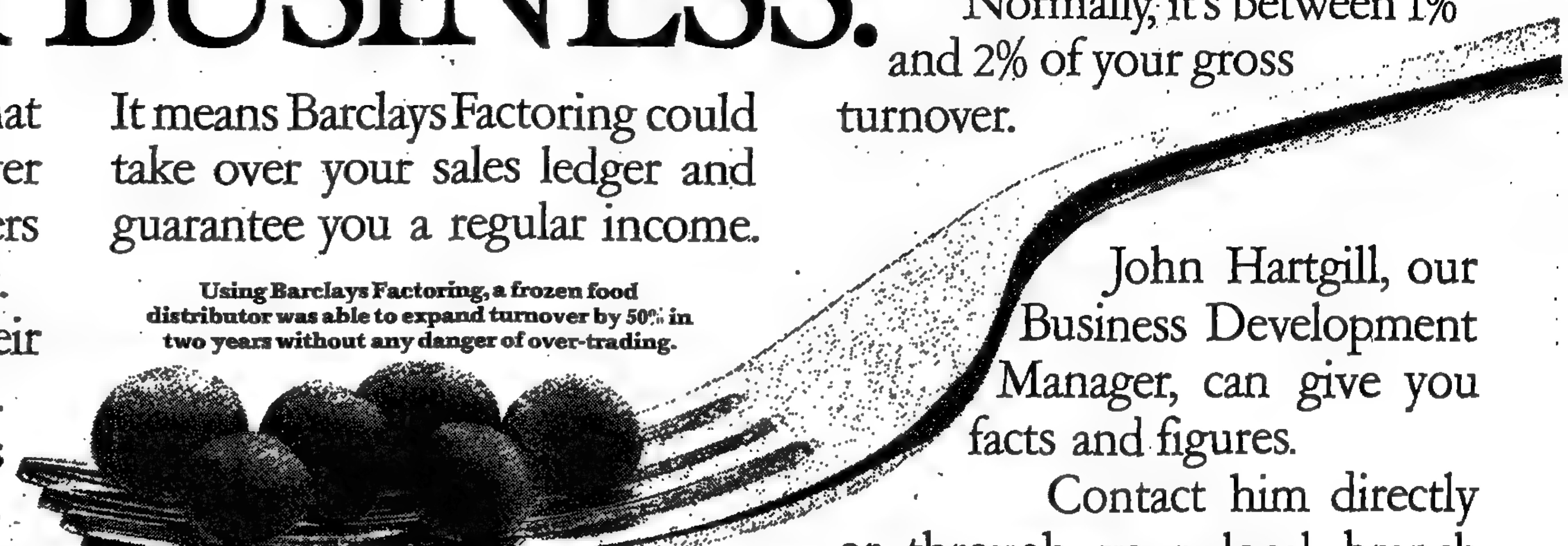

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THE PROPERTY MARKET BY MICHAEL CASSELL

Farmland debate goes on

THE DEBATE on whether institutional investment in agricultural land is a good or a bad thing is not going to be settled by this week's publication of the long-awaited Northfield Report.

For although the broad and fairly predictable conclusion of the report is that the institutions, as well as foreign buyers, have not and are not about to overrun the farmland market and cause it irreparable damage, the committee responsible for the 378-page document is not of one voice.

Lord Northfield and most of his colleagues claim that the institutions are not primarily responsible for high land prices; they do not impose particularly high rent levels and they cannot be regarded as bad landlords (though they should stick to farm ownership and let someone else do the actual farming).

But 30 pages at the back of the report, devoted to an alternative view from Messrs. Oscar Colburn and Watson Peat, tend to endorse many of the fears and criticisms which sparked off the exercise.

The two dissenters — both with farming interests — emphasise that, in contrast to traditional institutions, which have been unobtrusive landlords for a long time, the entry of new financial organisations has been "sudden and dramatic."

While the body of the report states that the institutions now own a little over 1 per cent of all agricultural land in Great Britain (albeit mostly in the South-East) and, at present rates of acquisition, will not become a major landowning group until well into the 21st century, Colburn and Peat prefer to paint a less complacent picture.

"In a decade or so they have absorbed some ½m acres of prime land and there is evidence that funds available for further purchases are immense. Whether for good or ill, no industry can be subjected to economic forces of such magnitude without effects which are likely to be both profound and long lasting."

The institutions, they say, have become landlords in the expectation of both capital appreciation in the price of land and steadily rising revenue, some looking for sustained rent increases averaging as much as 12-15 per cent a year.

According to the minority report, the tiered management structure of the institutions, along with their interest in maximising returns on investments, may well see them evolve as "high-cost substitutes for private land-owners." They say that rents charged by them are among the highest and that, used in this way, the peoples' savings seemed destined to increase the cost of producing the people's food.

Lord Northfield's camp suggests that, while rents are higher on land owned by, for example, members of the Committee of Property Unit Trusts, this may simply reflect the institutions' preference for good quality land. There is no evidence, they say, to support claims that rents of institution-owned farmland are generally set at "unduly high levels."

On land prices, they conclude that the activity of the institutions gives a push to let land prices when the market is rising, though they cannot be held responsible for high prices in the vacant possession sector. Colburn and Peat also believe the great weight of funds has inevitably exerted upwards pressure on the let land sector and think it will continue to do so.

They have a few kind words to say about the new breed of landowners, pointing out that their long-term objectives as investors match the requirements of secure and protected tenants, although the advantages of agriculture will only benefit as long as institutions offer full protected tenancies.

Most favoured suggestions that the acquisition of farmland by the institutions should be closely monitored, and that "good estate management" guidelines for landlords should be agreed.

The last words go, however, to the dissenting duo, who say that a code of practice, designed to influence the activities of investing institutions and applicable also to all landowners, would be like "hunting tigers with a butterfly net." Existing laws, they say, should suffice.

Industry Department to examine IDC law

THE GOVERNMENT, which has already gone some way to meeting its commitment to remove legislative blocks long held to have undermined UK property development, is turning its attention to the future of Industrial Development Certificates.

Like Office Development Permits—which the Government decided to scrap last week—IDCs are designed to encourage developers to build in areas of greatest social need.

Now the Department of Industry has said it is to examine the future of IDCs, which were first introduced in 1945, as part of its review of regional industrial policy.

However, it is doubtful whether the scrapping of IDCs—as with its sister legislation on ODPS—would have any immediate impact on industrial development.

Without an IDC, it is impossible to build factories outside specially designated areas of high unemployment. But, in practice, the numbers of certificates refused has been negligible in recent years.

Mr. Ivor F. Davies, director of IDC Consultants, the design arm of industrial building specialists IDC, says that he does not know of one major development in the last 18 months which has been refused a certificate, but says it is more difficult to assess the long-term effects of IDCs.

"It is arguable that a number of manufacturers, fearing a refusal, may have postponed investment or channelled it into other areas."

"At best, the existence of IDCs has acted as a delaying and nuisance factor and delays only add to the final cost of the development."

It is a view shared by Nigel Mobbs, chairman of Slough Estates, the largest UK property developer, who has been lobbying for more than 10 years for the removal of IDCs.

"Manufacturers, particularly from overseas, have put money into warehousing which does not require an IDC rather than be faced with the prospect of building in areas they don't wish to go to," says Mr. Mobbs.

He accepts, however, that the recent buoyancy of the retail and distribution sectors would in anycase have prompted greater investment in warehousing and that, without a return of confidence in manufacturing, the removal of IDCs in itself will have little immediate impact.

But this move, aligned with the unwinding of the Community Land Act, reduction in Development Land Tax and the scrapping of Office Development Permits can only help the investment climate.

Andrew Taylor

£5m GLC grant for Earls Court

THE SURVIVAL of Earls Court as London's premier exhibition centre has brought together the Greater London Council and Town and City Properties in an unusual deal with the local authority making a grant of £5m to a public company.

The cash is to be used as part of a £6½m facelift for the Earls Court centre which was built in 1937 and which, along with the Olympia exhibition centre, is owned and operated by Town and City.

The only tangible benefit for the GLC is an undisclosed share of Earls Court's profits—which have been under pressure recently — once these reach £840,000 pre-tax a year.

But Mr. Jeffrey Sterling, Town and City chairman, was quick to defend the deal which has been discussed for several years.

He points out that exhibitions produce an estimated £600m in invisible earnings for the capital each year. Much of this business would be lost if badly needed refurbishment of Earls Court was not carried out.

The company has already spent about £500,000 improving the centre, but it is doubtful whether Town and City would have had the financial muscle to support the remainder of the £6½m project, and certainly not within the three-year time scale now planned.

"It is possible that the GLC would have supported us even without the profit-sharing scheme. We are in competition with other centres both in the UK and abroad which are owned or heavily subsidised by the State or local authorities," says Mr. Sterling.

Mr. Sterling said that now that Earls Court's future was assured, a number of exhibitions had decided to return or renew contracts with the centre, including the Royal Smithfield Show which this week renewed its contract for 21 years.

In the year to March 24, 1978, the Earls Court and Olympia exhibition centres generated pre-tax profits of £561,000 compared with the previous year's £609,000. It will be looking to improve this performance on the back of the recent improvement in bookings.

Development funds supported

SUGGESTIONS THAT development funding by the institutions is inappropriate should be dropped once and for all, according to agents Richard Ellis.

In its seventh annual property investment report, Ellis—which acts for 23 pension funds and investment institutions—accepts that funds have in the last two years become much more involved in development deals as distinct from standing investment purchases, but reckons a lot more could be done.

Development, they say, should increasingly form an important and integral part of any established fund's portfolio, although the firm emphasises that, in an area of "such particular speciality and expertise" a number of checks and disciplines should be exerted at all times.

Ellis says developments should form a limited portion of any investment portfolio—both in terms of total investment and cash flow—and economic appraisal of schemes should be conservative if not positively pessimistic in view of the economic uncertainties ahead.

The firm suggests that, not only should current rental value alone be adopted, but the development should show a reasonable rate of return on current building costs and on costs inflated apropriately over the period of the development itself.

On more general prospects, Ellis believes that office investments will remain the most attractive option for the institutional investor, in spite of murmurings from the likes of Hugh Jenkins at the National Coal Board Pension Fund that high exposure to office investment could be unwise because of the impending micro-chip revolution and the advent of the paperless—and peopleless—office.

Interest in the retail sector is also expected to be maintained, with the recent widening of "prime investment" definitions spreading to secondary towns likely to continue.

ENERGY REVIEW: GAS

BY KEVIN DONE

The high cost of cheap gas

INCONSISTENCIES IN the Conservative Government's energy pricing policies are coming home to roost rapidly in the form of the sudden surge of demand from would-be customers for new supplies of natural gas.

The new British Administration has made much of its determination to avoid intervening in any way to control oil prices. It has made a virtue of the increases because of the contribution it is hoped they can make towards encouraging oil consumers to use less oil, and the Government has played its own part in twisting the price spiral by adding about 10p a gallon to petrol prices in the form of increased excise duty and Value Added Tax.

Largely unnoticed, however, among all the other budget measures, the Government decided to hold down domestic gas prices. The decision was left unexplained at the time, but it has now left British Gas facing a level of extra demand for new supplies which it cannot hope to meet.

The Government inherited the uncertainties left by Labour about how to tackle the thorny issue of gas prices. The result of its intervention to control the price of one particular fuel, while allowing other fuel prices to rise quickly to world levels, has been to deny British Gas the use of one of the Tories' own favourite weapons in controlling demand, the price mechanism.

The Gas Corporation has become worried that this could generate such a volume of business in the coming months that it would be unable to meet peak demand in the winters of the early 1980s. It has gone to some pains to point out that it "cannot take on a major part of the load currently borne by the oil supply industry" and at meetings this week it has decided that new sales this year should not be allowed to exceed the expansion already planned for.

British Gas has floundered for several years without clear guidance from the Government about what pricing policies it should pursue. In the absence of a financial target set by the Department of Energy it set its own regime based on a pre-tax profit of a minimum of 4 per cent on turnover after charging interest and after providing for depreciation at current costs. The Labour Government at the end of last year finally came up with the more ambitious target of a 6.5 per cent return, based on the premise that it wanted gas prices to rise in line with general inflation.

This strategy would in any case have been left rather tattered by the dramatic events that have occurred in the oil market during the last six months. But it has been rendered quite illogical by the new Government's decision to hold down domestic gas prices until next April. Domestic gas prices are now so far out of line with the prices of other available fuels for home heating, that consumers are being given misleading signals about the probable long-term trend of gas prices.

In the short-term consumers are chasing new supplies of a bargain fuel, which will not only engender an extra demand in the next two years that British Gas cannot hope to meet, but it will also mean that industrial and commercial users will in effect be subsidising household use of gas. That is hard to reconcile with a Government policy supposedly intended to expose British consumers to world energy prices and to convince them, in the words of Mr. David Howell, the Energy Secretary, that the era of cheap energy is over.

With its own finances in rude good health, British Gas might have felt embarrassed to demand higher prices for domestic gas supplies. It is due to announce record profit figures later this month of the order of £350m-£360m—compared with £180m in 1977-78—profits it has made after making relatively the largest depreciation allowance of any of the nationalised industries.

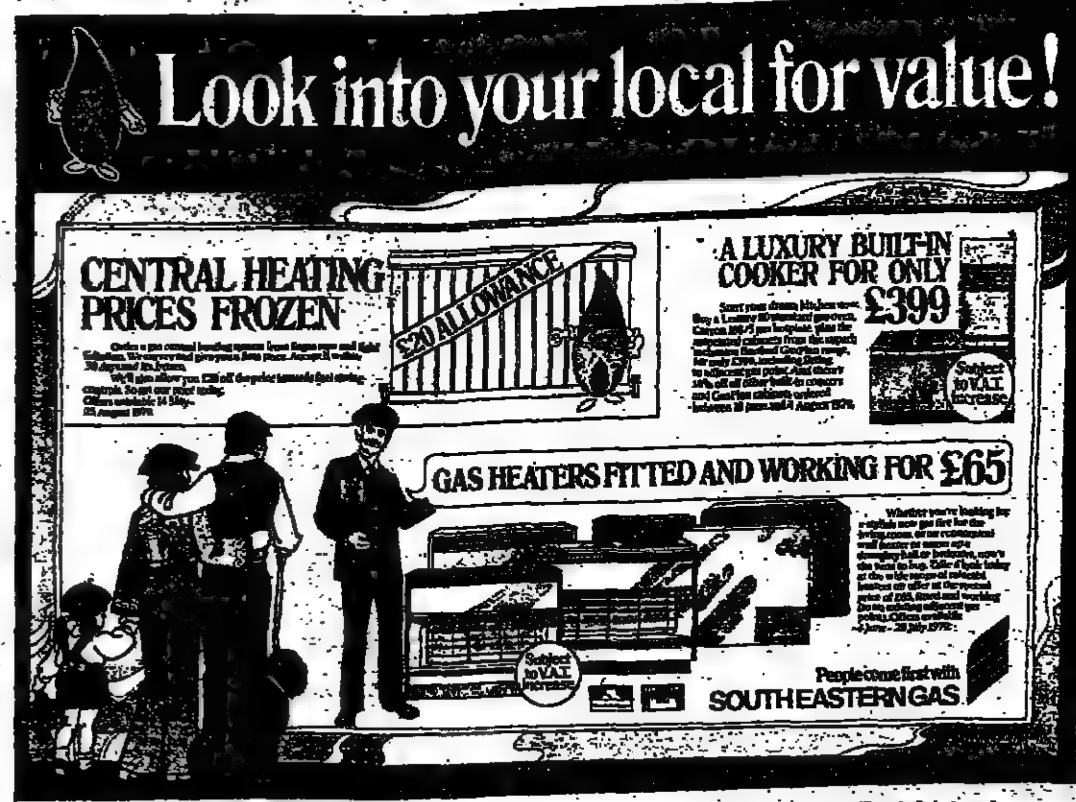
The Government might have been expected to feel free of any such embarrassment. Indeed, before the budget there were moves afoot in the Treasury to press for some form of gas tax or energy equalisation tax, which would bring the prices of all forms of energy more closely into line. The opportunity was passed up, however, and it is understood that the decision to hold down gas prices came directly from Mrs. Margaret Thatched, the Prime Minister.

A bargain

Even before the rapid escalation of oil prices over the last six months, domestic gas prices were a good bargain. The last figures produced by British Gas in November showed that the price of centrally heating a three-bedroom semi-detached house by gas was about £146 a year. The comparable prices for other fuels were £181 for coal, £193 for oil, and £213 a year for electricity. For small terraced house the cost came to £128 a year for gas, £157 a year for coal, £165 for oil and £180 for electricity. For a large detached house the disparity in fuel prices ranged from £202 a year for gas to £318 a year for electricity.

British Gas has been more than content to prolong this sort of competitive advantage as it sought gradually to raise its share of various sectors of fuel use as supplies of natural gas from the North Sea have become increasingly available. It has resisted vigorously in the past calls from other energy supply industries for a special surcharge on gas prices. Sir Francis Tombs, chairman of the Electricity Council, has repeatedly called for gas prices to be related more closely to coal and electricity prices in the interests of both energy conservation and the long-term development of alternative fuel sources for the day when natural gas and oil supplies begin to diminish.

But British Gas is now finding that its competitive edge is becoming an embarrassment.



Already a thing of the past: demand for gas has shot up so fast that the Gas Board is no longer encouraging extra consumption.

This week it decided to call a complete halt to the promotion of all appliances, such as central heating systems, and gas fires, which are sure to increase its peak supply load in coming winters. This will cut about £3m off its planned promotional budget of some £20m in the current financial year, and will particularly hit television and magazine advertising. British Gas has decided that at current prices its product hardly needs promotion.

In addition individual gas regions are to be allowed to restrict sales to the minimum of their legal obligations, if demand threatens to exceed the planned sales expansion in their areas. Under various acts, British Gas as a monopoly supplier is only obliged to provide tariff gas for would-be customers located within 25 yds of a gas main. It may also refuse individual sales over 25,000 therms a year.

The case for higher domestic gas prices is expected to receive support from the unlikely quarter of the Price Commission next week. One of its last reports, to be published in the next few days, is understood to argue that in the interests of a long-term strategic energy policy gas prices should be allowed to rise far more quickly in the years ahead. Domestic prices, as well as those for gas sold to commerce and industry, should reflect the expected trends of the gas industry's long-term supplies.

Until last year British Gas has relied for its supplies almost exclusively on low-cost natural gas from the southern fields of the North Sea. The costs of its supplies are going to rise substantially, however, as deliveries increase from the northerly Frigg Field and from the northern North Sea oil fields which produce gas in association with crude oil.

Gas tariffs remained unchanged for two years up to April, when non-domestic tariffs were raised by 11 per cent. Domestic tariffs finally rose by 8 per cent from the beginning of June, as a result of the higher financial target set by the Government for British Gas during the current financial year. Further rises of domestic prices were ruled out, however, by Sir Geoffrey Howe, the Chancellor of the Exchequer, in his budget. The Government imposed far stricter cash limits on the Gas Corporation, but limited the scope for price increases to commercial and industrial tariff prices. Industrial tariffs are now due to rise again by about 20 per cent in September.

Faced by the prospect of a continued uncertainty of oil supplies combined with rapidly rising oil prices, industrial energy users are unlikely to be put off by price increases on that scale. After all oil prices will rise by at least 50 per cent this year, and the oil companies are clearly unable to offer full security of supplies.

Out of luck

But companies intent on switching to natural gas as their primary energy source may well find themselves out of luck. According to Mr. Bryan Smith, the British Gas board member for marketing, about 80 per cent of the additional gas supplies earmarked for contract sales to industry in this financial year have already been placed, (though the financial year is barely three months old).

Normally the Gas Corporation would expect only about one in three of its price quotations to potential industrial customers to be accepted. In recent weeks there has hardly been a single refusal. The remaining sales to be made this year will now be arranged very selectively both as regards price and the nature of the application.

The inability of British Gas to meet the needs of all its potential customers underlines the very long lead times needed for making any fundamental change in the make-up of the country's energy supplies. The Corporation is expanding supplies. The national transmission network is expected to handle average daily deliveries of 4.5bn cubic feet this year, a total that could rise to 5.5bn cubic feet a day in the early 1980s. Customers for these additional supplies would have been found without great difficulty and the scope for suddenly shifting a significant part of the oil-using sector on to the gas industry are very limited. Last year gas supplied 47 per cent of the country's domestic heating needs and 26 per cent of the heating needs of the industrial and commercial sectors.

Oil users' lack of confidence in the long-term security of oil supplies would in any case have guaranteed a sudden surge of interest in natural gas. But the uncertainty of present government policy has helped ensure that demand will greatly outrun available supplies. In making the first major breach in its principles of non-intervention the Government has secured the worst of both worlds.

It has foregone the very real revenue-raising opportunity of imposing some form of gas tax. At the same time it has denied British Gas the opportunity of operating commercially and has broken its avowed policy of allowing energy prices to rise to world levels.

In the short-term those domestic energy consumers lucky enough to be attached to the gas network will continue to enjoy the remarkable bargain of cheap fuel. When the move is inevitably made to higher prices, the jolt will be all the more severe.

APPOINTMENTS

Malcolm Anson to head Imperial Group

Mr. Malcolm Anson, deputy chairman of IMPERIAL GROUP, is to become chairman in place of Sir John Pile, who will retire from that post and from the Board after the annual meeting in March 1980. Sir John has been a member of the Board since 1967 and Mr. Anson joined the Board in 1968. Mr. John Langley, chairman of the company's paper, board, packaging and plastics division, will retire from the Board on September 30 this year. He has been a member of Imperial's Board since 1967. He will be succeeded as chairman of the paper, board, packaging and plastics division by Mr. Peter Davies, who will combine that position with his present responsibilities as group development director.

*

Mr. Peter H. Ryan has been appointed a director of THOMAS TILLING. He is a member of the Tilling central executive and chairman of a number of principal operating companies in the group. Mr. Douglas Manser has retired from the Board of Thomas Tilling.

*

Mr. K. E. Brocklehurst, a partner of WILLIAMS DE BROE HILL CHAPLIN AND CO., stockbrokers, retires on July 14.

*

Mr. J. K. Moloney has been appointed chairman of CROMPTON PARKINSON (AUSTRALIA) PTY and Mr. W. L. Denness has joined the board. Mr. Moloney was previously managing director of the company and Mr. Denness is finance director of Brook Crompton Parkinson Motors. The parent concern is Hawker Siddeley.

*

The following appointments have been made within the GEORGE FISCHER (GREAT BRITAIN) group: Mr. P. E. Hart, financial director, George Fischer Castings; Mr. N. A. Poole, director, Northern Region; Mr. T. P. Wilson, director, fittings division, and Mr. M. L. Evans, director, plastics division, George Fischer Sales; Mr. M. E. Doody, sales director, Le Bas Tube Company.

*

Dr. W. H. A. Raabe, who for two years has been reorganising GRUNDIG INTERNATIONAL, London, is returning to Northern Ireland. Mr. A. H. Baumes will become managing director on August 1 and joins the company from Massey Ferguson, where he was director for marketing central parts and operations, responsible for marketing and sales in Europe. Dr. Raabe, senior executive for the Grundig factory in Northern Ireland for the past six years, is to devote his full time to that factory and its expansion programme.

*

Mr. Richard Sermon has resigned as deputy chairman of Good Relations Group and is joining SHANDWICK COMMUNICATIONS GROUP.

*

Mr. Wilfred M. Dravers has resigned from the Boards of resigned from the Boards of ELE ELECTRICAL AND INDUSTRIAL INVESTMENT COMPANY, and the BIRMINGHAM AND DISTRICT INVESTMENT TRUST because of his impending retirement from the executive staff of the parent concern British Electric Traction Company. He has been a director of both subsidiaries since 1967. Sir David Checketts, a member of the executive staff of British Electric Traction, has been appointed a director of Electrical and Industrial Investment.

*

Sir Alan Neale has been appointed to the board of THOMAS BORTHWICK AND SONS as a non-executive director.

*

Mr. Lambert Sharp has been appointed adviser to BARCLAYS GROUP INSURANCE INDUSTRY DEPARTMENT. He recently retired as finance director of C. T. Bowring and Co.

*

Mr. Tom Black, until recently managing director, Lex Commercials, has been appointed vice-president, marketing, of the ABDUL LATIF JAMEEL ORGANISATION of Jeddah, Saudi Arabia. The organisation is the sole importer of Toyota Motors, Toyota Forklift, and MAN trucks. Higson Ping Ltd. was retained by the organisation to fill the post of vice-president, marketing, created as the result of expansionary plans.

*

Mr. Jim Jeple (Marryatt Jackson Norris) has been elected president of the HEATING AND VENTILATING CONTRACTORS' ASSOCIATION for 1979-80. Mr. Bernard Wright (Barratt and Wright) has become senior vice-president of the association and Mr. W. D. Fisher, junior vice-president.

*

Mr. Peter Franklin has been appointed sales director of ACME SIGNS AND DISPLAYS from August 1.

*

Mr. D. M. Kelly and Mr. P. Lawson have been appointed to the board of PA INTERNATIONAL MANAGEMENT CONSULTANTS. Dr. D. G. Buchanan, Mr. J. D. Chadwick, Dr. D. K. Macrae, Mr. N. J. R. J. Mitchell, Mr. G. S Patterson and Mr. L. K. Tune join the board of PA Management Consultants.

*

Mrs Jennifer Clay, BRITISH AIRWAYS' sales training manager, is to become the first woman in the airline's history to be appointed to an overseas managerial post. She becomes manager Western U.S. based in Los Angeles. Mrs Clay joined BEA in 1970 as senior language training officer.

Lucas Ind.

Subsidiary Board appointments taking effect from August 1 have been made by LUCAS INDUSTRIES. Mr Robert Brewn becomes director and general manager of LUCAS ELECTRICAL, leaving his post as director and general manager of SMEC. He succeeds Mr J. V. Wilkinson, who last September undertook wider reponsibilities within the group as a divisional manging director for Joseph Lucas. Mr John Noble replaces Mr. Brown as director and general manager of SMEC. Mr Brian Henderson has been appointed director and general manager of RISTS, the automotive wiring harness manufacturer, in succession to Mr Noble.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie on how the Whiley group ran into trouble with a switch to Scotland

The hidden dangers of moving your business

IN THEORY, the decision of the George M. Whiley group to move its manufacturing activities from the south of England to Livingstone, Scotland, in 1974, appeared excellent. It was designed to concentrate all operations under one roof, provide room for expansion, and enable new, more up-to-date machinery to be employed. The area was also one where the company would qualify for various government grants.

In practice, however, the move proved to be a disaster. From a pre-tax profit in 1974 of nearly £605,000, on sales of £3.77m, the company, which makes various types of foil for stamping on products, plunged into losses totalling £156,348 in 1975. Even bigger deficits followed in the ensuing two years, pushing the combined three-year loss to over £1m. For a company with net assets of around £3m it was an immense burden to carry.

Last-ditch

The account of how all this came about—according to John Adams, an accountant called in three years ago to help sort out Whiley's problems—highlights how miscalculation of external factors can seriously distort the economics of planned projects. And it shows the danger of underestimating the difficulty of replacing key personnel, inevitably lost in such a move.

The story of Whiley's "rescue" embraces not only sound management practice, but also a bit of "fire-fighting," a few almost desperate moves and some sheer good luck. For example, one meeting in somewhat inappropriate circumstances proved to be crucial to Whiley's continued existence.

It took place on a cold Saturday morning in December 1977 at a London Heathrow Airport coffee lounge. There, Adams made a successful last-ditch attempt to persuade the Scottish Economic Development Department to provide increased financial backing, having by his persistence helped unearth a technicality in the Department's lending conditions which allowed the level of funding to Whiley to be raised, provided a buyer could be found for the company.

Adams moved into Whiley as chairman in October, 1976, at the instigation of Spicer and Pegler, who are not only Whiley's auditors, but also the firm of accountants where Adams served his articles back in the 1950s. The invitation was therefore not coincidence, but was offered because one of Spicer's partners knew Adams and his background in sorting out companies on previous occasions.

What Adams found at Whiley was, on the credit side, a company with a good reputation, a strong position in the specialised market of making various forms of stamping foil for such wide-ranging applications as decorative strips on cars to gold leaf printing on hard-back books, with only one major competitor to worry about. On the debit side the company was losing money at an alarming rate and had major production problems.

Adams explains that among his first priorities were to find a way to "pay the wages the following Friday" and to solve quickly the "mammoth financial problem." He looked for ways of achieving immediate economies (for example, by slimming down stock levels), and then set about ensuring that he had the full support of the company's financiers—they included the Royal Bank of Scotland, Industrial and Commercial Finance Corporation; and the Scottish Economic Planning Department which, at that point, had put about £700,000 into Whiley. Though Adams clearly failed to get their unqualified backing for a regeneration of the company he at least managed to buy some time.

Meanwhile, Adams was looking for what he considered to be the root causes of Whiley's difficulties. He concluded from his investigations that they stemmed mainly from the board's decision to move manufacturing operations from London to Scotland.

Though he agrees that the principle was right in that it allowed for two old manufacturing plants to be replaced by a single new one he maintains that the move came at the wrong time. The costings, he says, were just about viable for conditions as they existed in 1973. But Whiley's basic material is oil based, and the quadrupling of oil prices in the crisis of 1973-74 forced up its expenditure at the worst possible time, tipping the balance against the move proving financially viable. Yet Whiley's then directors remained convinced that a move North of the Border was in everyone's best interests.

The majority of Whiley's workforce felt otherwise, however. Less than one-sixth of the 300 employees agreed to move to Scotland. Neither did the production managers of both the Ruislip and Croydon factories. This had as devastating an effect on the company as the oil crisis. For while production of stamping foils may not require high technology it does involve a fair degree of knowledge and skill, and an ability to "tweak" the process to iron out any hiccups in production, as Adams puts it.

Incinerate

The move to Scotland in 1975 presented Whiley with new premises, quite a lot of new machinery, but a largely inexperienced workforce. Production problems soon mounted. Product quality suffered, leading to a considerable amount of production going "up the chimney"—it had to be thrown out and incinerated.

Adams saw his task as finding the right people to stop the rot. So he started a recruiting drive and through his contacts in merchant banks and elsewhere eventually managed to get together a greater depth of management, while also agreeing special arrangements with suppliers. At the same time he was making radical changes at board level.

Hugh Routledge

John Adams in his office overlooking the River Thames in London

Though this led to an improvement it became clear that the rate of wastage was not being reduced quickly enough and sales targets could not be met. The irony was that the company had an embarrassment of orders.

It was at this stage that Adams decided that a fundamentally different strategy was required. Talks took place with Whiley's bankers and other financiers and eventually this led to the Heathrow Airport meeting that was to direct Adams towards finding a buyer for Whiley.

Adams drew up a list of potential purchasers. This included Associated Paper Industries, which anyway had already shown an interest in taking over Whiley. An approach was made to API and the upshot was a bid early last year of £1.2m for Whiley, equal to 40p a share—when Adams took over as chairman the price was languishing at 18p.

Under the umbrella of this larger company Whiley is beginning to recover. Though losses continued after its take-over last year, expectations are that it will soon move back into profit and that the worst of the problems are now over. Product quality has been improved and less wastage is going up the chimney.

There is one final irony. The deal was logical for API largely because in 1975 it had bought Peerless Gold Leaf, which makes a product similar to Whiley's at Bow, in East London. Following the Whiley takover, closer liaison between the two companies was established. In so doing it was found that many former Whiley employees who had not wanted to move to Scotland, including key production people so sorely missed by Whiley, had moved to Peerless.

Glittering prizes for learning languages

BY JASON CRISP

ADVICE TO a young manager: go learn a foreign language. For according to a study carried out by London's City University, opportunities abound for British managers with a foreign language qualification and some experience of working overseas.

Whatever British public opinion may care to think of Europe, it is clear that since joining the EEC the British business community has become increasingly European in outlook. Add to that a growth in international, transnational and multinational business — call it what you will — and it can be seen that the environment in which managers are working is greatly changing.

Hence the growing demand for the "international" manager.

But who are these managers and what abilities and knowledge do they need which distinguishes them from the expatriate manager of yore, let alone your common or garden national manager who stays at home? And, if their skills are indeed different, what, if anything, are British educational organisations doing to train and develop managers for their new international role?

According to Judy Lowe, Research Fellow in International Management Education at City University, the sun is setting on the career expatriate—someone who stays overseas for 10, 15 years or more. A number of leading multinationals, she says, are moving away from an "ethnocentric" system, where the nationals of the home country fill all the key positions around the world, towards a "geocentric" one, where the best person is chosen regardless of nationality.

A stint overseas—most likely to be of between two and four years—has increasingly become part of managers' career structure, Lowe says in her newly published book, The New Euromanagers, she cites as an example the multinational which employs 11,000 people in India yet only has one career expatriate manager there. The other posts are either held by local staff or by third-country nationals who are there as part of a "rotating career development pattern."

"For instance an Englishman goes to Holland, a Dutchman to India, an Indian to Australia, and an Australian to England. In each instance the employee concerned regards the move as a promotion within the framework of his home career, but these moves do not entail senior headquarters executives taking over dominant positions in foreign subsidiaries."

If this is a growing trend, which it would appear to be, is Britain doing enough to internationalise its managers? The answer is something of a curate's egg. If the established manager wants to acquire what could be described as international skills, it is unlikely to be through the help of any educational organisation but rather through his or her own personal efforts.

As Judy Lowe notes, Britain just does not have an independent management training institution of the standing of IMEDE, Lausanne, INSEAD, Paris or CEI, Geneva, "staffed on an international basis, teaching a cross-cultural approach to managerial practice."

But all is not lost. At the "pre-experience" level a number of business schools, universities and polytechnics are running transnational programmes which give students the opportunity to work in other countries and obtain first-hand knowledge of the way another nation thinks and does business. This is the core of Judy Lowe's study.

(The study, which is both useful and interesting is a hard-back book, costing £7.25 for a mere 84 pages including index and bibliography. Potential buyers should note it is also written and presented as a research project rather than something more commercially orientated.)

She has examined the "transnational" programmes in 11 British universities and polytechnics, talked to 59 students and followed up their careers, and finally asked nearly 30 employers of graduates from past transnational programmes for their opinions.

"The programmes examined mark only the beginning of a less parochial approach to management education in the United Kingdom and are the first steps indeed when compared with the average French business school, where two foreign languages are compulsory throughout the course, and a period working abroad may be a course requirement," she warns.

Nevertheless those relatively small numbers of "Euromanagers" emerging from British educational organisations would appear to be in strong demand.

Eighty three per cent of the students on such courses went on to international careers. 89 per cent of the employers questioned endorsed the value of international careers and 82 per cent said they would recruit from the same source again. According to Lowe's study half of the students surveyed are now working abroad, or are just about to be, for their UK company.

And Judy Lowe warns that there is a need in the UK for a more specialised understanding of how its European partners and competitors think and operate in a business environment. "for a recognition of foreign company structures and procedures that impinge on joint ventures, and for understanding of the socio-cultural factors that influence the success of UK marketing operations anywhere in the Nine.

"And above all there is a requirement that the British come to terms with more than just a rudimentary understanding of other languages."

Although the study admits that the sample sizes were rather small it concludes that there is a growing and substantial demand, both for the type of programme and for the type of graduate it produces. "Employer reaction, and career profiles of past graduates suggest that these students are indeed the new Euromanagers who will be making a substantial contribution to the management of Britain within the EEC in the 1980's."

The New Euromanagers by Judy Lowe. Published by Woodhead-Faulkner. £7.25

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Works on flat or bent material

PORTABLE NIBBLERS, equally suited for working on flat or bent material up to 1.50 mm, are now available from Trumpf Machine Tools, Lyon Way, Hatfield Road, St. Albans, Herts (St. Albans 31111).

Featuring easily adjustable tooling — offering unlimited radius cutting which enables the machine to be turned 360 degrees on the axis of the punch —is the N150, which weighs only 2.2 kgs. Punch and die are easily exchanged and can be reground several times before replacement is necessary.

With each downstroke of the oscillating punch, a chip is nibbled out of the workpiece, enabling straight lines or curves to be cut in flat sheet, plate, corrugated material, or piping down to a minimum radius of 15 mm without distortion, and totally burr-free.

In order to maintain high quality production, says the company, the nibbler features concentric alignment of the punch and die by the guide pin. Feed control by the guide pin ensures continued precision cutting and prevents fluctuation of the tool in the cutting line.

Small batch production

THE FIRST three orders for its latest machine tool, the Microturn F25 CNC have been received by N. C. Engineering, 28, Benskin Road, Watford, Herts WD1 8NW. (Watford 24396).

The F25 is said to be particularly suitable for the economic production of small batches of precision components from bar up to 25 mm (1 in) diameter. It has a 10 station conical turret set at an angle above the work spindle and this accommodates external and internal working tools.

The spindle speed range is from 200 to 7,000 rpm in 20 steps, change of speed being accomplished automatically. Spindle drive is by means of a 3.7 kW (5-hp) DC motor, providing constant torque from 200 to 1,800 rpm and constant power from 1,800 to 7,000 rpm.

Multi-spindle machines

A RANGE of CNC turning machines with two, three or four spindles is now being marketed by Warner and Swasey, Bristol Street House, 156-182 Bristol Street, Birmingham B5 7AZ (021-622 1581).

The multi-spindle machines are of modular design and common units include slides, tailstock, top slides, spindle drives and chip conveyors.

Each machine is available with fully automatic loading and unloading equipment, plus turnover stations to facilitate the machining of both sides of the workpiece in one setting.

It is possible to carry out supplementary operations, such as milling, multi-spindle drilling and tapping by the use of additional attachments.

● MATERIALS

Keeps it warm and quiet

ACOUSTIC SIDE effects are bonuses said to be guaranteed with a system of thermal insulation developed in Sweden and introduced to the UK by Contact Acousticabs, Stonebow House, The Stonebow, York (0904 36441).

Rigid panels made from diabase mineral wool and faced with a non-woven glass tissue offer an attractive and moisture-repellant finish, says the distributor.

Recent installations, it is claimed, have demonstrated that in factory halls with noise problems, previously perceived noise levels have been cut by half, as had noise transmission from the factory to the external atmosphere or adjacent offices.

Largest current application covers 250,000 sq ft at British Steel Company's tubes division.

● DATA PROCESSING

Will carry out many office routines

INTEGRATION into one stand-alone keyboard-screen unit of business tasks such as stock control and accounting with office typing needs and the ability to transmit any of the information elsewhere is the function of the latest unit from Jacquard Systems.

The trend has been increasingly apparent within the word processing and mini-micro computer companies and is the result of "cheap chip" electronics, floppy disc magnetic storage developments that allows quite large amounts of data to be held in what amounts to a small cupboard next to the screen, and the increasing cleverness of the software.

Jacquard's system is called J500 Videocomputer and although in many applications it has enough power and memory to stand alone, it can if required be linked to similar units for the exchange of information, locally or remotely, and can similarly work with a mainframe computer.

Electronics of the J500, all on one big board at the back of the unit, makes use of a number of microprocessors and the cpu has 128 kilobytes of memory as standard with a cycle time of 350 nanoseconds: the power "of a small mainframe" claims Jacquard.

Bulk storage of one megabyte is from two double density single sided floppy discs in slots next to the screen, and four cartridge discs can be connected giving a further 48 MB.

Basic price of the J500 is under £9,000 with the NEC Spinwriter printers and a basic word-processing package.

The screen, about 12 ins across, accommodates 24 lines of 80 characters, is sharp, clear and without flicker and can be supplied with green or blue phosphors.

One of the programs allows the user to create up to 128 special characters on the display screen. In this way languages such as Arabic, Russian or Japanese can be created, or mathematical notation, the keyboard modified with push-on caps and the print wheel replaced to suit.

The company says that it has already won orders for 150 of the work stations in Europe on a "sight unseen" basis and the U.S. plant is scheduled to be making 100 units/month by the year end to meet this and the U.S. demand: six months delivery is being quoted for the moment.

Like most of its competitors in this area, Jacquard does not foresee the sudden arrival of the "office of the future" employing equipment of this kind. However, it predicts that as storage gets even smaller and cheaper other company functions will be integrated—personnel, marketing, technical—so that ultimately there can be little doubt that the complete business will be directed and administered from work stations of this kind.

More from AM Jacquard Systems, Bridge Street, High Wycombe, Bucks HP11 2EL (0494 41256).

Eagle eye on villains

RECORD retrieval for the South Yorkshire Police is based on the use of a Data General Eclipse C350 computer and visual display terminals. It is believed to be one of the first systems of its type to be installed on a minicomputer.

There are two main applications. It will be used to provide details of previous convictions in a computer-generated print-out for use by the courts and, in an operational role, to search the records of convicted persons and identify possible suspects from descriptive information received from witnesses.

When the system is fully implemented, it is also hoped that it will be possible to identify and link convicted persons who are jointly engaged in crime.

The system, entirely dedicated to the South Yorkshire Police and with no links to any other computer, replaces manual cards is designed to provide a substantial increase in efficiency, improved security of records and more accurate maintenance of information.

Software is designed by Data Logic and is based on the Data General INFOS operating system, is highly flexible and provides very fast retrieval times and extremely efficient speculative search facilities.

A total of 22 display terminals will be sited in police stations throughout the South Yorkshire area and will be used by police officers and selected civilian employees all of whom are covered by the Official Secrets Acts.

Access to the system will be limited to designated users and operated by passwords. Each authorised officer will be able to see all information contained within the files . . . but only selected users, who are currently administering the manual criminal record system, will be able to create, amend or delete records.

Data Logic, 29, Marylebone Road, London, NW1. 01-486 7288.

Links disc to micro

LATEST SINGLE board product from Intel is a controller which can be used to connect the company's 80 or 86 single board microcomputers with most single density soft-sectored standard and mini floppy disc drives.

Supporting software, RMX-80, is a real time executive disc file system in which files are named symbolically and can be created, deleted or changed with the data accessed sequentially or directly.

Called iSBC-204, the unit can control two drive surfaces and by adding one integrated circuit, up to four.

Direct memory access allows single board computers to process in parallel with disc transfer operations. Track-to-track access, head settling and head-load times are programmable.

Able to read, write, search and verify either single or multiple sectors, the controller mounts in a single iSBC system chassis slot and is connected to the drive by low cost flat or twisted cable. It will operate between 0 and 55 deg. C ambient.

More from Intel Corporation (UK), 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

● AUTOMATION

Robot for simple tasks

DESIGNED for the simpler extraction and material-transfer tasks as well as for one-shift operations a new low-cost, five axis robot is available from Unimation (Europe).

Ideal in applications like materials handling, packaging, plastic injection moulding, machine loading and die casting, this simplified Series 1000 machine still retains many of the characteristics of the regular Series 2000 robots including solid-state memory, programming by means of a plug-in teaching control, high accuracy at all stroke positions, and a smoothly operating hydraulic-servo system.

Three axes of movement are hydraulically powered, while gripper and wrist motions are pneumatically operated. The pneumatically operated wrist movements include a bend of 90 degrees at 30 degrees/sec. and a yaw of 90 degrees at 90 degrees/sec. Bend and yaw, motions are fully programmable to adjustable stops.

In-out (radial travel) is 41 in. at speeds to 50 in/sec. Arm swing (rotary travel) is a 208-degree arc at speeds up to 110 degrees/sec. Radial, vertical and rotary motions are fully programmable to an accuracy of 0.05 ins.

Load capacity of the new robot is related to the distance from the robot's wrist to the part's centre of gravity. In wrist-bend movements, the rating is 500 in-lb for part and gripper. When part centre of gravity is 10 inches from the robot's wrist, maximum load is 50 lb. For wrist-yaw movements, the load rating is 150 in-lb.

Unimation (Europe), Units A3/A4 Stafford Park 4, Telford Salop, TF3 3AX. Telford 618931.

● TRANSPORT

Electric vehicle brakes

VACUUM servo-assisted braking can be fitted to all models of battery-electric road vehicles produced by Crompton Electricars, Tredegar, Gwent — a Hawker Siddeley company—in order to reduce driver fatigue and increase safety.

The system is believed to be the first servo brake to be offered on a commercial basis by an electric vehicle manufacturer and will have particular advantages for operators of the larger models or those with hilly routes, as it reduces brake pedal loads by 50 per cent.

Servo-assisted braking can be incorporated in new vehicles at a cost of £235 or supplied as a modification kit to suit existing fleets at the same price. It can also be fitted by Crompton Electricars' service depots at a small extra cost.

Installed in line with the standard hydraulic brakes, it uses a specially developed electric vacuum pump. This takes a load of only 4 amps while exhausting a reservoir and then stops and re-starts automatically in response to pressure sensors. It has a negligible effect on payload, range and operating costs and is fail-safe because the standard braking system, requiring the standard pedal effort remains available at all times. A warning light is also included to show the driver whenever servo assistance is not available.

Crompton at Crown Avenue, Dukestown, Tredegar, Gwent NP2 4EF. Tredegar 2921.

● PROCESSING

Blast room is easier to install

BOMBARDING OF metal components with abrasive materials for the purpose of strengthening, cleaning or the provision of certain types of surface finish has to be carried out for health and safety reasons in cabins or enclosed areas known as "blast rooms."

Vacu-Blast, which specialises in the production of both shot-blasting machines and the enclosures in which operations take place has just put on the market a range of blast rooms which can be installed on the factory floor without the usual 230 mm pit needed to collect the used abrasives and accompanying debris.

A perforated plate is placed above a baseplate to provide a cavity below the blastroom only 50 mm deep and this forms a recovery duct from which abrasive dust and debris is pneumatically collected and separated. Usable abrasive media is recirculated.

The company claims that the new blast rooms, ranging in size from 2.4 by 2.4 metres to 2.88 by 6 metres, cost less than the traditional types and are easier to maintain. They are intended for processes involving the use of glass beads or other light abrasives.

Vacu-Blast, which is a subsidiary of BTR, has its headquarters at Woodson House, Ajax Avenue, Slough, Berks SL1 4DJ (0753 26511).

● COMMUNICATIONS

Glass fibre will convey the messages

PLESSEY and BICC are about to receive orders for glass optical fibre telephone transmission systems worth £1.5m as part of over £5m of orders to be placed with the UK triumvirate in this field—Plessey-BICC, STC-ITT, and GEC.

The routes three in Wales and two in England, will use systems similar to that demonstrated yesterday by Plessey-BICC between Slough and Maidenhead.

Operating digitally at 8 megabits per second, this 14-kilometre route can carry 120 telephone conversations or an equivalent amount of data, making use of only one repeater—a digital regenerator—located near Slough.

The two companies point out that this is a fully engineered shorthaul system available on a commercial basis, and the first deliveries of production equipment are planned for mid-1980 onwards.

It is evident that both companies are having some difficulty in estimating the size of the future market. But they expect most of it to arise in the UK, the Middle East, South America and Africa.

For the new eight-megabit routes, BICC is making the double-fibre cable at Blackley, using graded index fibre, supplied by Corning in the U.S., while Plessey will manufacture the terminal and repeater equipment at Beeston.

Although the telephone and data transmission user will not notice much difference, these systems are expected to offer cost and reliability advantages to telecommunication authorities, compared with copper lines, particularly as copper becomes more, and glass relatively less, expensive.

Potentially less cost per channel resulting from wider bandwidths, fewer repeaters, freedom from electrical interference, smaller diameter cables, and low weight are all seen as important benefits.

The commissioning of the eight-megabit system marks the end of the experimental era and the start of commercial exploitation of public transmission by optical fibre, says Plessey-BICC. GEOFFREY CHARLISH

LOMBARD

Leaving coal in the ground

BY ANATOLE KALETSKI

AS BRITAIN'S coal miners, emboldened by soaring OPEC prices, flex their industrial muscles with demands for pay increases of up to 65 per cent, while the trade union movement as a whole prepares to do battle with the government over union rights, the stage might seem to be set for re-run of the crippling miners' strikes of 1972 and 1974.

But history seldom repeats itself so literally. If the trade union movement of the 1980s relies on the miners to spearhead its attacks on the government, it may be riding for a fall as painful as the one it suffered in the General Strike of 1926.

A paradox

The miners are right to believe that coal, which could probably meet Britain's energy requirements for 300 years, is the nation's most important asset and that it becomes more important each time OPEC jacks up the price of oil. Nevertheless, soaring energy prices could, paradoxically, reduce the miners' economic power. This is because, on the assumption that world energy prices will continue to rise in real terms, coal left unmined becomes more valuable than coal dug up by the miners and burnt in power stations, especially for a country that is rich in energy. Britain's immense coal reserves will only come into their own when they can be extracted at a profit.

Just as it would have been folly to drill for oil in the North Sea during the 1960s, when Arabs were selling their readily accessible oil for under $2 a barrel, it may now be rash to develop Britain's coal reserves too quickly. Coal from easily worked open cast mines in Australia is being sold profitably at 30 per cent or more below the National Coal Board's price. But many British mines would only become profitable if current coal prices doubled. When world energy prices and the monopoly rents that cheap coal producers can squeeze out of their customers rise far enough, it should become possible to deep mine coal at a profit in Britain while paying miners as generously as North Sea divers, for example, are now paid.

The option of storing coal under ground and relying on imports has been ruled out until recently by the balance of payments. But North Sea oil and OPEC's price fixing have inverted Britain's traditional economic problems. A rising currency supported by North Sea oil now threatens to engulf Britain's manufacturing industries in a flood of imports.

Of course this line of argument in no way justifies putting all of Britain's coalmines in mothballs until Australian coal runs out or energy prices double again. A moratorium on coalmining would produce intolerable social disruption. It would destroy Britain's lead in deep mining technology and, because of the lengthy development periods required to start a new mine (typically over seven years), it would be impossible to swing back into coal production when the time was ripe. Above all, Britain's coal reserves, like the North Sea oilfields, would be too big a stake to put on the wager that energy prices will continue to rocket.

But there is a strong economic case for importing more of Britain's coal requirements than the current 2 to 3 per cent. Using more cheap coal for electricity generation (which accounts for over 70 per cent of Britain's coal consumption) would benefit the whole of manufacturing industry.

Attractions

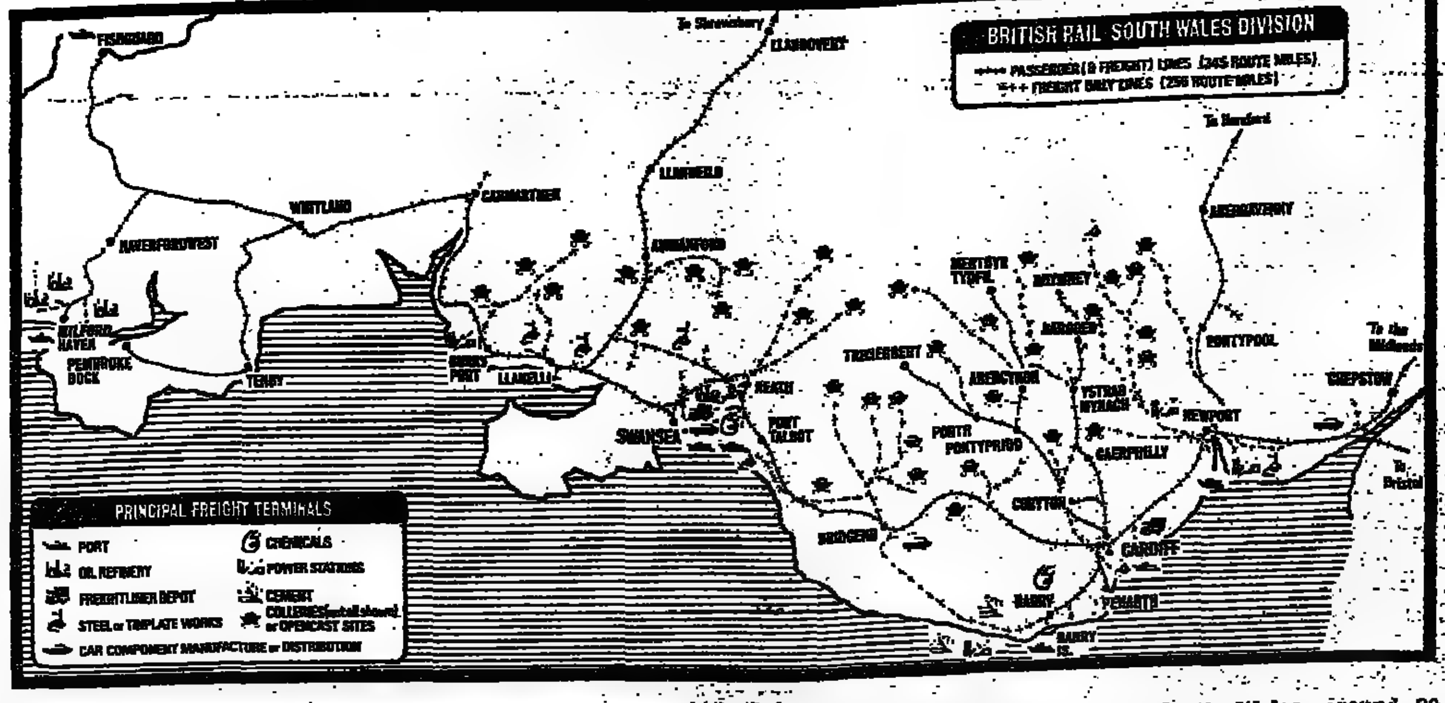
The present government will probably eschew protectionist measures such as last year's subsidy for burning British coal or the egregious attempt to prevent British Steel importing metallurgical coal from Australia, even though the National Coal Board was unable to supply the grades of coal that the new plant at Redcar required.

The Government may be motivated to open the British market to more coal imports by the political attractions of exposing an Achilles heel in the mythical invincibility of the miners, but economically they will be right. And the trade union movement may be wise to look to another group with a firmer base of economic power than the miners to be its standard bearers in the 1980s.

Wales on rails

AROUND BRITAIN

BY ROBIN REEVES



WALES IS NOT usually linked in the public mind with profitable railways; rather, in recent years, it has become a land of threatened rail closures. Beeching's axe in the 1960's removed large chunks of the passenger network, making it impossible, for example, to travel by rail between North and South Wales except via England. From time to time, rumours circulate that another round of closures, affecting the few remaining rural lines or the South Wales valleys' commuter services, is in the offing.

The local outcry generated on such occasions, as well as the greater attention paid to motorway and road improvements, has tended to overshadow a British Rail success story which has been of considerable importance to the South Wales economy and environment.

On the passenger side, it is impossible to measure the economic benefit to Wales of the introduction of British Rail's attractive High Speed Train service between Paddington and South Wales. Baldly, it cuts the journey time between London and Cardiff to less than two hours; but, by all accounts, many an industrialist arriving from London to discuss the relocation or expansion of his business in the region has already accepted the idea in principle by the time he gets off BR's HS 125. For unlike the old days, London is now within easy commuting distance for a day's business. Moreover, the fast, frequent, comfortable trains, with refreshment facilities contrasts strongly with the frequent present day inconveniences of business travel by air.

Yet the major, but virtually hidden, side of British Rail's business in the region is freight. It is not widely appreciated, even within the industry, that South Wales is almost certainly the busiest of British Rail's 18 freight divisions, earning five times as much as passenger services.

No less than 21m tonnes of rail freight traffic a year originates in South Wales, some 12.3 per cent of British Rail's total freight business. More than half of this 21m tonnes both starts and ends its journey within the region.

The coal and steel industries are much the biggest customers. The Cardiff division is presently called upon to move nearly 13m tonnes a year of coal from the pithead to power stations and coke ovens, a massive operation by any standards. Fifteen trains a day, for example, carry coal from the mining valleys down to the Aberthaw power station on the Bristol Channel coast. And with the teething problems of the Aberthaw "B" unit now ironed out, the number of waggons per train is shortly to be stepped up from 28 to 35 per train to cope with the extra consumption.

In the steel sector, British Rail's involvement centres on the movement of some 3m tonnes a year of iron ore from the deep-water terminal at Port Talbot to British Steel Corporation's Llanwern steelworks, Newport, and the transport of semi-processed steel to the tinplate complexes at Ebbw Vale, Trostre and Velindre.

The movement of iron ore to Llanwern for BSC involves one of the heaviest locomotive trains in the business — three locomotives hauling 27 waggons with a combined payload of 2,000 tonnes, five times a day, to give a delivery of 50,000 tonnes a week.

The division's movement of oil and petrochemical products is also considerable. Nearly 2m tonnes of products originating from the Milford Haven refinery complex or the petrochemical facilities around Swansea and Barry are moved by rail each year.

The division is proving able to attract additional traffic on this solid foundation. Cement from Aberthaw is now carried by rail each day to terminals at Carmarthen and Plymouth, instead of going by road. The opening of Ford's engine plant at Bridgend next year will expand considerably the nightly Freightliner service British Rail already provides to carry the axles and transmissions manufactured at Ford's Swansea and Llanelli plants to Dagenham and Halewood.

In South Wales, around 80 per cent of the total tonnage is now carried by the train load compared with only 40 per cent a few years ago. This has meant discarding a significant amount of business, particularly from the South Wales docks. But gone are the days when the railways were effectively used as a free warehousing facility, with commodities stuck on waggons for weeks awaiting eventual delivery in small parcels. The policy now is bigger trainloads, quicker turnround and tougher pricing and it has had the dramatic effect of turning round British Rail's £66m loss on freight services in 1975 into a small profit in the last financial year.

Pounentes can score at York

CLIVE BRITTAIN, who almost invariably does well at York—so often a favourite hunting ground of his former employer, Sir Noel Murless—looks set to score there today through Pounentes.

This Capt. Marcos Lemos-owned colt has, significantly been switched from the Black Duck Stakes in favour of the day's most valuable event, the Philip Cornes Nickel Alloys Stakes.

RACING

BY DOMINIC WIGAN

A bay colt by Tumble Wind out of the Hetherset mare, La Chartreuse, Pounentes was never in with a chance when seventh in Goodwood's Tegleaze Stakes on his introduction and he again failed to trouble the principals when occupying that same position at the end of Royal Ascot's Chesham Stakes won by Star Way. However, it was a different story at Newcastle a fortnight ago. Running on strongly at the end of the six furlongs Chester Stakes, Pounentes made Mark Birch pull out all the stops on the odds-on Silly Prices inside the final furlong.

Clearly an improving sort and one sure to be ideally suited by today's six furlongs on this stiff galloping track, Pounentes can gain a well-deserved first success by out-pacing Paul Cole's Lambourn challenger, Conan Doyle.

With Columnist from Jeremy Tree's Beckhampton stable—another establishment with a fine record here—out of the Black Duck Stakes it will come as a surprise to many if Castle Green fails to retain the winning thread.

This good-looking American-bred colt scored readily on his first appearance when accounting for Stuart King and 14 others at Leicester just over a month ago.

I take him to out-class another colt impressive on his introduction, Try to Smile, the 2½ lengths winner in a respectable time of Salisbury's Southampton Maiden Stakes.

Course winner, Blue Patrol may well provide the answer to a tricky race for the Monkgate Stakes won a year ago by the subsequent St. Leger winner, Julie Mariner.

YORK

2.00—Blue Patrol*
2.30—Castle Green**
3.00—Pounentes***
3.55—Innini
4.05—Tru Mar
4.35—Fine Blue

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 11.25 Cricket: First Test—England v. India. 1.30 pm How Do You Do? 1.45 News. 2.00 Tennis: The Davis Cup: Great Britain v. Spain. 4.18 Regional News for England (except London). 4.20 Play School (As BBC2 11.00 am). 4.45 We Are The Champions. 5.10 We're Going Places. 5.35 Captain Pugwash.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Star Trek.
7.45 It Ain't Half Hot Mum.
8.15 The Marti Caine Show.
9.00 News.
9.25 Petrocelli.
10.15 Spike Milligan in Q7 (London and South-East only).
10.45 Regional, National News.
10.50 Athletics: The Nationwide Building Society AAA Championships.
11.30 The Late Film: Comedy of Terrors, starring Vincent Price.

All Regionals as BBC1 except at the following times:—

Scotland—9.50 am Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Hong Kong Phooey. 10.35-10.55 Take Hart. 5.55-6.20 pm Reporting Scotland. 10.15 Beechgrove Garden. 10.45-10.50 Regional, National News.

Wales—1.30-1.45 pm Bys a Bawd. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20-7.45 Ask The Family. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Northern Ireland—Between 3.00-4.18 pm (during Tennis) Racing from Down Royal. 4.18-4.20 Northern Ireland News. 5.53-6.20 Scene Around Six. 10.15 Andrae Crouch in Concert. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) Tell Me . . . Stuart Hall: North (Leeds) Direct Line; North East (Newcastle) Chips With Everything; North West (Manchester) Champion Brass; South (Southampton) Personal Choice; South West (Plymouth) Peninsula; West (Bristol) Eights Company.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
12.10 pm Cricket: First Test—England v. India.
6.30 Open University.
6.55 Gardeners' World.
7.25 Mid-Evening News.
7.35 Heads and Tales.
7.50 Westminster.
8.15 Reach for Tomorrow.
9.00 All Creatures Great and Small.
9.50 Kilvert's Diary.
10.05 Around with Alliss.
10.35 An Ideal Place.
11.35 Late News.
11.50 Cricket: First Test (highlights).
12.20 am Tennis: Davis Cup (highlights).

LONDON

9.30 am A Place to Live. 9.45 Au Travail! 10.00 About Britain. 10.30 Arms and Armour. 10.40 The Bubblies. 10.45 The Nature of Things. 11.35 Proud Predators. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Divorce and After. 2.00 Racing from York. 3.50 Sounds of Britain. 4.15 Midnight is a Place. 4.45 Paul. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames at 6.
6.30 Get Some In.
7.00 The Krypton Factor.
7.30 Winner Takes All.
8.00 Hawaii Five-O.
9.00 Kids.
10.00 News.
10.30 A Question of Sex.
11.15 The London Programme: Cash Bank Robberies In London.
12.15 am Close: George Robertson reads from works in the Buddhist Tradition.

All IBA Regions as London except at the following times:—

ANGLIA

10.30 am Andy's Party. 11.00 Portrait of a Village. 11.25 UK Bowls Championships. 11.50 The Woozies. 1.25 pm Anglia News. 3.50 The Sullivans. 5.15 Bailey's Bird. 6.00 About Anglia. 8.00 Chips. 10.30 Probe. †11.00 Friday Late Film: "Inherit the Wind." 1.30 am Your Music at Night.

ATV

10.30 am Captain Nemo and the Underwater City. 10.35 Sesame Street. 11.35 Bailey's Bird. 1.20 pm ATV Newsdesk. 3.50 The Great Yorkshire Show. 5.15 Makin' It. 6.00 ATV Today. 8.00 The Incredible Hulk. 10.30 Mary Hartman, Mary Hartman. 11.00 Movie Premiere: "The Hostage Heart."

BORDER

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Border News. 3.50 The Sullivans. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Mind Your Language. 8.00 The Incredible Hulk. 10.30 Look Who's Talking (Roy Hudd) 11.00 Late Film: "The Curse of the Mummy's Tomb." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where 3.50 The Sullivans. 5.15 Dynomutt the Dog Wonder. 6.00 Report at Six. 6.35 Invasion Road. 10.28 Channel Late News. 10.35 Pastimes for the Present. 10.55 Late Night Movie: "Squeeze a Flower." 12.30 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 10.35 Technoflash. 11.00 Portrait of a Village. 11.25 UK Bowls Championships. 11.50 The Woozies. 1.20 pm Grampian News Headlines. 3.50 Kum Kum Cartoon. 5.15 Survival. 6.00 Grampian Today. 6.10 The Beachcombers. 6.30 Get Some In. 7.30 The Entertainers. 10.30 Reflections. 10.35 About Turn. 11.05 The Friday Late Night Horror: "The Body Stealers." 12.35 am Grampian Late Night Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Funky Phantom. 11.45 Song Book. 1.20 pm Cartoon. 3.50 The Sullivans. 5.15 The Undersea Adventures of Captain Nemo. 6.00 Granada Reports. 6.30 The Jetsons. 8.00 Lucan. 10.30 Clapperboard North West. 11.00 Hitchcock: Cary Grant and Ingrid Bergman in "Notorious."

HTV

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 3.50 The Sullivans. 5.15 Gambit. 6.00 Report West. 6.15 Report Wales. 6.30 Get Some In. 8.00 The Incredible Hulk. 10.30 The Late Film: "The National Health."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Anifail I'w Ddal. 6.00-6.15 Y Dydd. 10.30 Camera. 11.05 Outlook. †11.30-12.40 am The Late Film: "House of the Damned."

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.25 pm News. 3.50 The Sullivans. 5.15 Gambit. 6.00 Scotland Today—Summer Extra. 6.30 Wolf's Way. 8.00 The Incredible Hulk. 10.35 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Good Against Evil."

SOUTHERN

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 Woozies. 1.20 pm Southern News. 3.50 The Sullivans. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Like It Or Not. 10.30 Weekend. 10.35 Opinions Unlimited. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late Film: "A Girl On A Motorcycle."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.20 Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 North East News and Lookaround. 3.50 The Sullivans. 5.15 Makin' It. 6.00 Northern Life. 6.25 Sportstime. 8.00 The Incredible Hulk. 10.30 The Friday Night Film: "The St. Valentine's Day Massacre." 12.35 am Epilogue.

ULSTER

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Lunchtime. 3.50 The Sullivans. 4.13 Ulster News Headlines. 5.15 Gambit. 6.00 Ulster Television News. 6.30 The Practice. 8.00 Lucan. 10.30 Friday Night. 10.40 Friday Film: "The Moonshine War." 12.25 am News at Bedtime.

WESTWARD

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.50 The Sullivans. 5.15 Dynomutt the Dog Wonder. 6.00 Westward Diary. 6.35 Time Out. 10.32 Westward Late News. 10.35 Pastimes for the Present. 10.55 Late Night Movie: "Squeeze A Flower." 12.30 am Faith for Life. 12.35 West Country weather, shipping forecast.

YORKSHIRE

10.30 am Moby Dick and the Mighty Mightor. 10.45 Three for the Road. 1.20 Calendar News. 3.50 The Sullivans. 5.15 Makin' It. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Soap. 11.00 "The Trygon Factor" starring Susan Hampshire, Stewart Granger and Robert Morley.

RADIO 1

(S) Stereophonic broadcast
(b) Binaural broadcast
‡Medium Wave

5.0 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.0-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Marks in His Diary (S). 7.30 Sports Desk. 7.33 Fiesta de Dorita (S). 8.02 Friday Night is Music Night concert, part 1 (S). 8.40 Talk by Mike Sheils. 9.00 Concert, part 2. 9.55 Sports Desk. 10.02 Barn Dance at the Radio 2 Ballroom. 11.02 Athletics: AAA Championships (highlights). 11.10 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.0 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

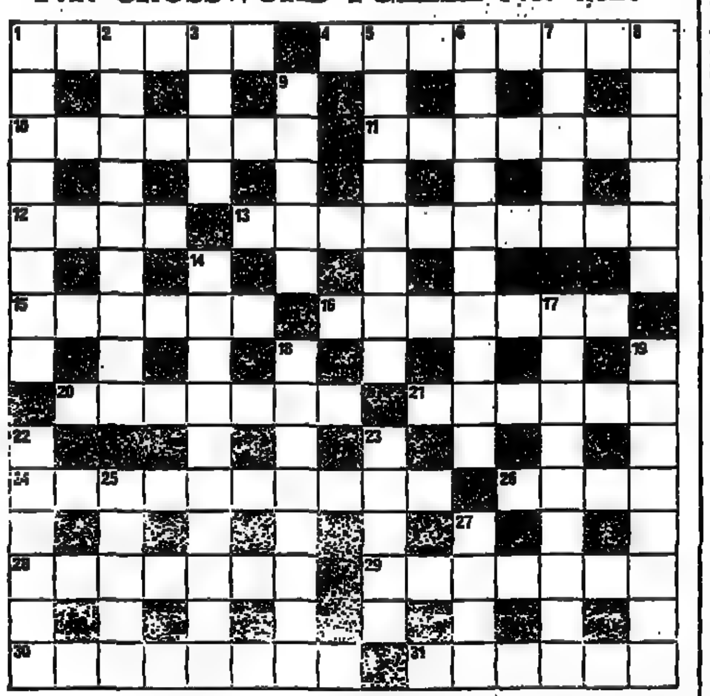
6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Scriabin (S). 10.00 BBC Northern Ireland Orchestra (S). 10.45 English Piano Music (S). 11.25 Cricket: First Test—England v India including 1.35 pm News, 1.40 Playbill, 2.00 Lunchtime scoreboard. 6.40 At Home. 7.10 Pied Piper (S). 7.30 Stomp It On Down. 8.00 Hallé Orchestra concert, part 1: Berlioz, Nielsen (S). 8.55 The Sonnets of Petrarch. 9.15 Hallé Orchestra, part 2: Tchaikovsky (S). 10.15 20th-century Music for Two Pianos: Concert, part 1: Debussy, Ligeti (S). 10.55 Interval Reading. 11.05 Concert, part 2: Smalley. 11.55-12.00 News.

VHF with Medium Wave above except 6.00-7.00 and 11.25 am-7.10 pm as follows:—6.00-7.00 am Open University. 11.25 Haydn and Smetana chamber music concert (S). 12.25 pm Midday concert, part 1: Mozart (S). 1.00 News. 1.05 Playbill (S). 1.25 Midday Concert, part 2 Bruckner (S). 2.30 Composer's Portrait (S). 3.35 The Glazunov Symphonies (S). 4.20 An Early Schubert String Quartet in E major (S). 4.45 Comparing Notes (S). 5.45-7.10 Open University.

RADIO 4

6.0 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Baker's Dozen (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Enchanting World of Hinge and Bracket (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 I Remember Ho Remembered. 4.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Sounding Off. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight—Play: "The Umpire's Thoughts Regarding A Certain Murder" (S and B). 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,020



ACROSS

1 Fellow admitting students' carnival could be a monster (6)
4 Lash gang-leader in fun, it should be illuminating (5-3)
10 Scholar with some French in stunt (7)
11 A mother worker may be unyielding (7)
12 Hoax Oriental using cipher (4)
13 Dog following its favourite food could be one that puts a joint back (10)
15 Famous old battleship taking Wren on perhaps (6)
16 Open insult from a force initially going to the front (7)
20 Gives a fine superficial finish and veers round the north-east (7)
21 Place of work that should be getting warmer (6)
24 Animal to fetter in a delapidated state (10)
26 Sailor the French make competent (4)
28 Cut short dog-end? (7)
29 Bring out staff in puce (7)
30 Event I'd enjoy partly at night (8)
31 Extreme to a certain degree (3-3)

DOWN

1 Rubbish collector upset custard on top of table (4-4)
2 Plenty to make a rabbit hop (9)
3 Love to write in public (4)
5 Holidays cancelled? Desist! (5, 3)
6 Actor's skill requiring two types of transport (5-5)
7 Large male soldier with a book (5)
8 Characteristic temperament in essence (6)
9 Finish going round ring and bend (5)
14 One who loves spirit after last course (10)
17 Fix tail to clean extremities (4-5)
18 Played pranks about learner and dropped in spots (8)
19 Always tear around to be venerable (8)
22 Wise utterance making nothing unusually clear (6)
23 Poles may be on the decline (5)
25 Putting more round pole could be 12 (5)
27 Drug a fool (4)

SOLUTION TO PUZZLE No. 4,019

BREACH LAMBCHOP
A L L F C A A A
CHARABANC LATIN
K B M G U D E T
LOOT NEWSREADER
A R P N E R Y
SPARRED REDCAP
H T E A B R
LESSER PASSAGE
S S U O H S S
THREADBARE NEAT
I E G D T I M O
FALSE OVERSTEER
L I N W R L N E
EXCITING BELTED

هكذا من الأصل

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

THE ARTS

Cinema

Lester leaps back by NIGEL ANDREWS

Butch and Sundance—The Early Days (A) Leicester Square Theatre
The Champ (A) Empire
Fedora (A) Screen on the Hill
Love at First Bite (AA) ABC Shaftesbury Ave., Studio Oxford Circus, Scene, Classic Haymarket

Hands up those who know what a prequel is? It is, of course, the follow-up to a successful film that deals with *preceding* not subsequent events. When the word was coined a year or two back, one went about in fear for one's life from the droves of low-flying jokes about possible prequel titles: namely, *A Star Is Conceived, Prince Kong, Mr. Blandings Applies For Planning Permission*, and so on.

Now we present—*Butch and Sundance—The Early Days.* The film's precursor, *Butch Cassidy and The Sundance Kid*, was chiefly immortal for cementing the on-screen liaison of Paul Newman and Robert Redford, and for lending a patina of colour-supplement *chic* to the Western; a last attempt to preserve it in amber. There have hardly been any Westerns since then, either good or bad, so this prequel chronicle of the juvescence of Butch Cassidy and the Sundance Kid—lookalikes Tom Berenger and William Katt here replacing Newman and Redford—is remarkable simply for belonging to the genre. But it must also be celebrated as the return to the camera of director Richard Lester—who seems to keep disappearing from the movie scene—and as one of those films that offer incidental wit, delight and perception even while as a Grand Design they tend to totter around the makers' ears.

Butch and Sundance—The Early Days hamstrings itself from the start by showing no higher narrative ambition that to plug all available gaps in our knowledge of the dynamic duo's life story. The lion's share of the based-on-real-life adventures of these outlaws went to the earlier film, and there are poor pickings for this one. We learn how Butch and Sundance met in a saloon-bar brawl, how they pooled their complementary attributes of intelligence (Butch) and trigger-skill (Sundance), how they dashed from State to State robbing banks and trains and evading the long but somewhat sclerotic arm of frontier law.

Curiously starved of either redeeming action set-pieces or overall dramatic momentum, the film is saved from inertia by Lester's puckish direction. What he did for 17 century France in his Musketeer films, Lester does for 19th century America here: presenting it as a quaintly realistic canvas on which the exploits of his heroes are painted like bright splashes of foreground colour. Lester the erstwhile gag-purveyor of the British New Wave—*The Knack, A Hard Day's Night*—has mellowed into Lester the sprite-eyed social historian. A sort of lunatic period authenticity crowds the background of scenes: a high-wire artist performing in a Western street, a dog takes its noon-day exercise on the conveyor-belt of a Cream Separating Machine, cowboys dance with each other in the saloon bar of an all-male outlaw settlement.

Lester's humorous style is the quintessence of the Throwaway. He offers no nudges or pointing fingers, he just tosses in jokes and you catch them as you can: as when glimpsing his heroes during a moment of fleeting despair after they have lost their guns during a bank raid—"What shall I do?" says Sundance: "Strangle everyone?"

Lester has a stalwart ally both in Laszlo Kovacs's burnished photography—lending itself to the director's period-snapshot editing style—and in the performance of his two young stars. All that Katt and Berenger need do to be spitting images of Redford and Newman respectively is to exchange noses. Berenger's aquiline organ belongs more properly to a Redford, Katt's straighter version to a Newman. Otherwise they are spirited replacements, and perfect companions on the rambling, extemporised voyage of Lester's film.

*

Nothing could be more steeped in nostalgia, you would think, than a prequel to a film that was already awash with sentiment for the past: viz. *Butch Cassidy* number one. Yet Lester's film keeps mawkishness at bay and offers a sprightly contrast to Franco Zeffirelli's *The Champ*, whose reworking of an old 1931 movie classic (same name, starring Wallace Beery and Jackie Cooper) keeps dunking itself in sentimentality like a doughnut in sweet coffee.

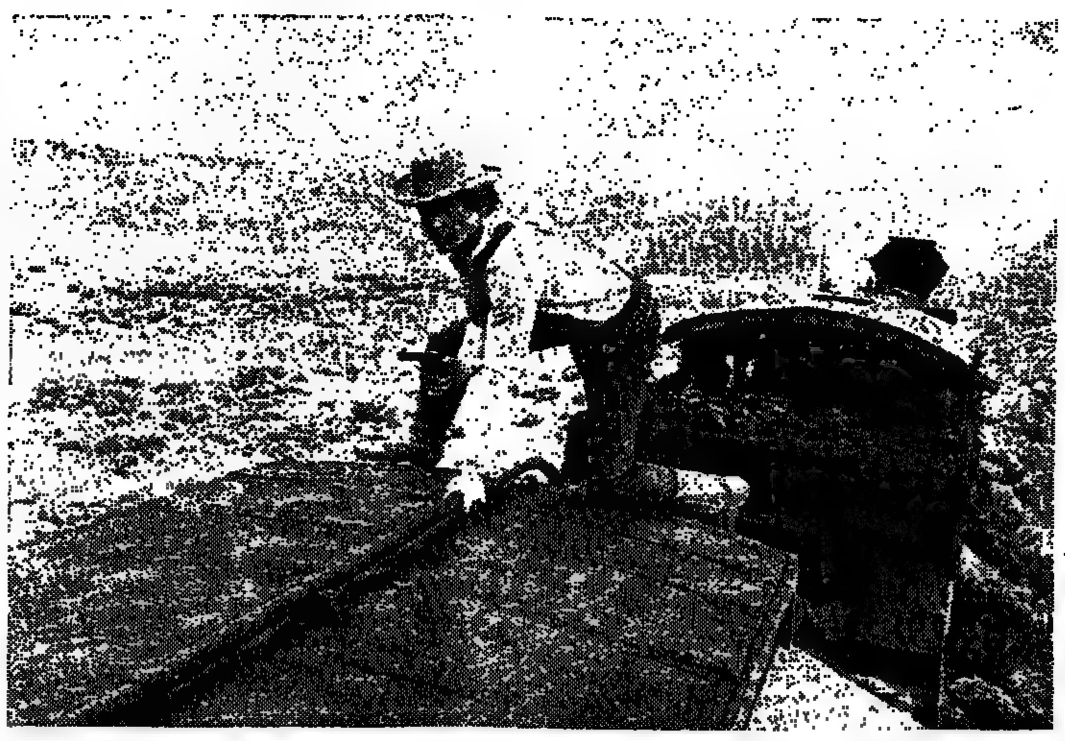
Jon Voight is the retired boxing champion blessed—or cursed, according to taste—with a small piping eight-year-old son who looks up to him with eyes of worship and calls him "Champ." The insistence with which he calls him "Champ" is about as endearing as the young Brandon de Wildes 12-tone cries of "Shyane!" at Alan Ladd, many years ago.

Be that as it may, Voight's happy life with his son working and living among the stables of a big racecourse is disrupted by the sudden appearance — after years of neglect—of his ex-wife Faye Dunaway. She is new very rich, very well-dressed and, being Faye Dunaway, very mannered. I have long suspected that Miss Dunaway is constructed of wrought iron, with a face and voice that can be contorted into the right grimace or sound, but can never quite hit a note of happy spontaneity.

One is never convinced that she and Voight—who is nothing *but* spontaneity and bumptious, Huck Finn *joie de vivre*—could ever have had a meaningful, let alone an ongoing, relationship. But if you hurdle that obstacle to credulity, it is surprising how much pace and mileage Zeffirelli gets from this Super-Weepy of a film. It is no good buttoning up your sophistication in the face of the hail of heart-tugging events: Voight being imprisoned after a brawl, the boy going to live with Dunaway, the boy leaving Dunaway and being reunited with Voight, Voight returning to the ring for a victorious—but tragic—come-back, shock and tears in the dressing-room as Voight lies dying. The film will get through to you in the end and waterlog your Kleenex. It is relentless but effective, and though I thought I would eat my hat before saying anything complimentary about a Hollywood child star, Ricky Schroder as the boy—his "Champ" cries notwithstanding—is awesomely good.

*

It is foolish to underestimate the American cinema's nose for success. Stories are legion in which allegedly philistine producers have said no to promising projects by bright directors; and it is always the martyred director whose side we are supposed to take, the producer we are urged to vilify.



Tom Berenger in 'Butch and Sundance: the Early Days'

Yet Billy Wilder's *Fedora*, finally made with West German money and in a Munich studio after being turned down as a project almost everywhere in America, is a vindication of the sharp-sightedness of American producers. In thumbnail summary the film sounds irresistible: a tragicomic reprise of *Sunset Boulevard* in which an aging Hollywood diva, her beauty miraculously preserved through years of retirement, is urged by a doggedly pursuing film director (William Holden) to gird up her charisma and make one last silver-screen come-back.

In reality the film is surprisingly resistible, and the seeds of destruction are in it almost from the beginning. Holden's quarry is played by Marthe Keller—beautiful and husky-voiced if no Gloria Swanson—and the film spends so much time in early scenes making a song-and-dance about her Garbo-like reclusiveness—she lives in an island villa in Italy with a mysterious old Countess (Hildegard Knef), a sombre cosmetic surgeon (Jose Ferrer) and a bevy of Alsatians —that it is not long before we suspect that There Is A Dark Secret About Fedora. Can she really have preserved her beauty so flawlessly (even with the help of surgery) through the decades? Is the ubiquitous Mr. Ferrer *only* a surgeon and casual family friend? And is the Countess, who bears a suspicious resemblance to Fedora, only a benign patroness?

Fedora is finally coaxed back into the arc-lights, where the glamour of Moviedom exerts its magic again and she falls in love with her co-star Michael York: (played by the real Michael York). The film they are making under Holden's direction is a remake of *Anna Karennina*, called *The Snows of Yesteryear*, and when I tell you that the mysterious opening scene of *Fedora* showed us a woman throwing herself under a train—it is Miss Keller herself, whose suicide, thus prefigured, is the question mark hanging over the whole flash-backed main story—you will se that Wilder has here taken it upon himself to cross *Sunset Boulevard* with *Tolstoy*.

The film takes itself far too seriously from the beginning; relieved only by a few spits of comedy and turning midway into a positively elephantine mystery thriller—not so much a Whodunnit as a Who-is-it—in which the identity and history of Fedora are gradually unmasked in scenes of interminable dialogue exposition. That there are touches of elegance and wit in the film goes without saying: Wilder's natural grace and impishness cannot help bursting through the portentous facade occasionally. But as a whole the film is a long, distressing folly that seems as far behind its time as *Sunset Boulevard*, made back in 1950, was ahead of *its*.

*

Love At First Bite is a good film to arrive 30 minutes late for: a Dracula burlesque in which lively middle and end portions make up for a sloppy, sophomoric beginning. Dracula, played by George Hamilton, is evicted from his castle by the Rumanian Government and takes flight to New York. Here he meets Susan Saint James as a bite-happy nymphomaniac and Richard Benjamin as her concerned J ewish psychoanalyst-lover (and descendant of Dracula's arch-enemy Professor Van Helsing). Benjamin steals the film: waving garlic, Stars of David, quotations from Freud and anything else that comes to hand to disempower the vampire, he sustains an engaging air of earnest, determined incompetence.

Bowdon

John Ireland centenary by NICHOLAS KENYON

Bowdon was a quiet village in the north-east of Cheshire until the coming of the railway link between Manchester and Altrincham in the mid-19th-century. Then large Victorian mansions began to sprout along its hilly lanes as well-to-do workers from the city began to settle there. Today it has been absorbed into the urban growth of Manchester, and like its neighbours it has been taken into the anonymously designated Borough of Trafford in Greater Manchester. But it retains its identity as a quiet haven for Manchester residents, particularly musicians, maintaining a tradition which started near the end of the last century.

Hans Richter lived here, and the leader of the Hallé, Adolph Brodsky; and just a hundred years ago, in one of the less attractive massive yellow piles in St. Margarets Road a young son was born to the editor of the then-failing *Manchester Examiner*, Alexander Ireland. John Ireland, it must be admitted, loathed his Bowdon home, where he was teased by his family; but that has not stopped Bowdon mounting a centenary tribute to its most famous composer, a tribute which has grown into a fully-fledged Festival and has revivified the place's own musical life.

The Bowdon Festival, which is running all this week, is directed by Nicholas Light, with writer Gerald Larner as Artistic Adviser—and a most professional job they have made of it, mixing Ireland's works with more popular fare in a sensitive and evidently crowd-drawing way. The standstone church of St. Mary's was crowded for the Manchester Camerata last Friday (who played the *Concertino Pastorale*), and was respectably full when I arrived on Saturday for a magnificent and impassioned revival of Ireland's Second Violin Sonata of 1917 by Gyorgy Pauk and Peter Frankl.

This is not a great work by any standards, for Ireland's sense of form is rudimentary and the music often seems to lose its way. But there are moments of greatness: the deathly opening of the second movement, picking up a fragment from the first Allegro, and musing on it in broken phrases, vague in their harmonic direction; the violin gradually gathering coherence and a sense of purpose. Alas! It leads only to an outburst of Englishitis at its worst in a self-consciously "noble" hymn. The first movement, more a Rhapsody than a Sonata, is strident and powerful—one cannot forget that this is First World War music (even though Mr. Frankl elided all the drum-beat echoes). Pauk played with real commitment: perhaps in future he will dare more in the way of rubato.

The next day, on an unworthy piano in the local Grammar School, Peter Sievewright played a group of Ireland's piano pieces (plus the Beethoven G major Sonata which Ireland once said, in a broadcast repeated in Sunday's *Music Weekly*, had been part of his earliest piano lessons). He could not make *Merry Andrew* and *Month's Mind* sound any more than pleasant drawing-room pieces, but the turmoil of *Equinox* and the utter simplicity of the over-played *Holy Boy* both struck home. The sprawling Rhapsody of 1915 did not quite convince: the undeniable grandeur in this fine performance was somehow diffused by the piece's lack of direction.

Indeed, it was difficult to avoid the conclusion that Ireland was at his best in tiny works—in cheerful, rustic settings like the *Te Deum* which was heard at Morning Service in St. Mary's on Sunday, or, best of all, in the perfectly-formed hymn tune for the text "My song is love unknown," better than which 20th-century English melodies do not come. Perhaps Ireland's *Vexilla Regis* (on Friday night, with a new work by Thomas Pitfield) will persuade Bowdon that its son had genius. But the chance to assess his work in such pleasant surroundings is welcome nonetheless. Even if the Festival's visible impact on the district is only (as Mr. Larner nicely put it in the programme) to make parking at the nearby pubs more difficult, it will have made people less Manchester-orientated, more locally conscious. The Festival deserves the support of a major commercial sponsor from South Manchester.

Covent Garden

Royal Ballet School by CLEMENT CRISP

The Royal Ballet School's annual appearance at the Opera House on Wednesday began, as is traditional, with traditional dances. All very neat and nippy; bright, quick feet; excellent carriage; and hordes of young hopefuls looking more than at ease in reels, jigs, sword dances, and other assorted folk jollities. I admire the speed and precision with which the numbers are done, loathe the way the music seems to become slightly jazzed, salute this year with especial pleasure the four chaps who clog-danced (no shortage of Widow Simones for future *Filles*), and admire enormously the way Sara Gallie, Kevin O'Hare and Lisa Harman sparkled through an Irish Jig. Star of this section of the programme was Jonathan Burrows in a solo jig, in which he showed some of the fastest, cleanest footwork it has been my pleasure to watch.

Leonard Burt

David Peden and Elizabeth Morgan in "Sinfonietta"

There followed three repertory works: *Concerto Barocco, Checkmate*, and *Sinfonietta*. *Barocco* was hardly the best of choices: its style is not easily within the range of our dancers—they sentimentalise it, cloud its muscular drive with little politenesses—and for students it provides problems of sheer assurance and musical understanding which lie beyond their present competence. *Checkmate*, with its strong folkloric inspiration in some of the choreography, looked a logical extension of the traditional dances that opened the programme, and was decently done.

The Revelation of the evening was the return of Ashton's *Sinfonietta*. Made for the Royal Ballet's touring section in 1967, it is a work which has a strong and youthful air, and it is too good a piece to have fallen—as it has—by the repertory wayside. The ebullient, idiomatic performance given by this student cast is a powerful advocate for its return to company presentation—though it were better to give it in practice costume than in the awkward outfits which at present clog its style.

The lovely Elegy, which is its middle movement, owes something to the vision scene in *Ondine*, as a girl sails on the arms of five cavaliers, and the closing Toccata brought the most assured dancing of the evening from the very promising Phillip Broomhead — his easy, well-spaced and well-placed dancing was a delight. The enthusiasm of the cast was exactly right for Ashton's inventions, and in the attendant chorus of six couples the soaring jump of Roland Price, very memorable from last year's school show, was an indication of fine things to come. The School can be seen at the Wimbledon Theatre from July 17-21.

Wigmore Hall

Chilingirian Quartet by DOMINIC GILL

The Chilingirian do not to my mind rank among the best two or three of the young string quartets that have emerged from our music colleges, their careers encouraged by university residences, over the past 10 years. But they are a good, enterprising group, who have made a point of championing unusual, offbeat work as well as the familiar repertory; and their appearances at the Wigmore Hall this last week have been no less adventurous for following a Classical path—a series of three Mozart recitals which have embraced all of the six "Haydn" quartets, and three of the six string quintets.

Their last recital on Wednesday evening offered K464 and K465, and the D major quintet K593 — decent, well-formed performances, neither very inspired nor specially inspiring, but made with good sense, and at their best with a good measure of vigour and spirit. There were some weaknesses common to all three: an unevenness of matching, and as a result sometimes of voicing and colour; a certain four-squareness of phrasing, and plainness of manner; passing buzzes of imperfect intonation a little too frequent for comfort; a common reliance on expressive cliché, especially the simple surge and fade, in place of really thinking through the meaning and direction of a gesture or phrase.

Decent, but unsubtle: the Chilingirian's chief virtues were simple ones—a nice rhythmic bounce in the minuet of K464, an appealing honesty and warmth in its andante. The A major finale was evocatively described by Hugh Wood in his programme-note as "all quicksilver: a tiny glittering chromatic smear which slides about on the palm of your hand." Even if the one thing that quicksilver doesn't do is smear, it was indeed a quicksilvery quality that this performance lacked—the gleam, the twist and sudden reverse, the glitter.

The best of the Chilingirian's K465 was firm and forthright, though in the andante without liquid connection, liquid magic. The D major quintet, in which they were joined by the viola of Patrick Ireland, was the most strongly presented, with more finesse, more precision of attack, the ensemble itself brighter and more secure: in the great adagio there was perceived, even from far away, a hint of radiance, divine fire.

Awards for visual artists

A total of £20,000 is on offer to artists in London through the Greater London Arts Association's Visual Arts Awards Scheme. Applications for the *1979-80 scheme are now* being invited from visual artists working in a variety of media—painting, sculpture, photography, printmaking, artists' film and video or extended media.

The awards in sums of up to £1,500 are given to enable artists to devote a concentrated period of time to their work, to realise some special project which would normally be *beyond their means* and/or to purchase materials.

Closing date for the receipt of applications is Friday August 31. Further details from GLAA, 25/31 Tavistock Place, London WC1H 9SF.

FINANCIAL TIMES

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Friday July 13 1979

New rules on competition

THAT THE unseen hand of competition is the best regulator of society's economic affairs has been recognised by *liberal economists* since the Wealth of Nations was published 200 years ago. But over the past few decades it has become clear that the hand of competition needs a very visible glove of government protection *if it is to survive* against the monopolistic tendencies that a free enterprise system inevitably produces. Businessmen who feel disheartened by the interventionist tendencies embodied in the new Competition Bill published by the Government yesterday should bear this in mind.

Confusion

While the primary political purpose of the bill was to do away with the hated Price Commission, the government has built upon many of the ideas that the Price Commission first introduced into government's relationship with industry. Mr. John Nott, Secretary for Trade, has rightly perceived that "the Price Commission Act embodied a confusion of purpose. It was never clear whether it was *intended to curb inflation* or to strengthen competition." Mr. Nott has resisted the temptation to dismantle all its powers and simply return competition law to its position before the Price Commission Act, a course which *many of the government's* supporters might have preferred.

Bludgeon

Instead the government proposes to extend greatly the powers of the Monopolies Commission and the Office of Fair Trading to investigate and act against restrictions of *competition. In theory, the* investigatory powers in the new Bill are just as broad as those of the Price Commission, with the overwhelming difference that, while the Price Commission could only comment on anticompetitive *actions,* the proposed legislation enables the Monopolies Commission to recommend action of unlimited breadth and gives the government the right to put those recommendations into effect. A *firm found guilty of anticom*petitive behaviour against the public interest could be ordered to change its marketing and pricing arrangements, to alter its advertising expenditures or, to licence patents.

By contrast, *the Price Com*mission, frequently condemned anticompetitive practices such as uniform *delivered* prices, excessive advertising expenditures and discriminatory pricing. But it was powerless to do anything except wield the bludgeon of a general restriction on prices, which could in fact limit *competition even* further.

The new Bill might appear to *be too sweeping,* and after the bitter memories of the Price Commission, some disquiet in industry is understandable. Some narrowing of the new law's applications, particularly to small firms, is desirable. But in practice the most critical question about the Bill is whether it will do enough to promote competition.

The bill produces doubts on both these counts because of the vagueness of its pivotal concept—that of "an anticompetitive practice which operates against the public interest"—and because of the wide discretion it gives to the *Monopolies Com*mission and OFT. The general wording is desirable because it will operate against the *quibbling legalism* that competition laws in countries such as Germany and the U.S. produce. But the outcome *will be determined* by how the OFT and Monopolies Commission interpret their brief.

Overlooked

There are grounds for scepticism *about the new law's effec*tiveness. It is questionable whether the OFT has enough information to uncover anticompetitive practices, although a perusal of the old price commission's reports will give it a good start, and whether the Monopolies Commission has the energy and resources to fulfil its new tasks.

Nevertheless, the bill's attempt to separate factual judgments about competition from value judgments about public interest and efficiency are an important step in the right direction.

It is a pity that this separation appears to have been overlooked in the clause empowering the government to refer nationalised industries to the Monopolies Commission, without *a preliminary investigation* by the OFT and not just for specific practices, but for a general investigation of their whole activities. This smacks of the half-baked efficiency auditing which undermined so *much of the Price Commission's* work under the last government.

Tighter money in Germany

YESTERDAY'S *RISE* in German interest rates had been widely expected. For some weeks Dr. Otmar Emminger, the President of the Bundesbank, has been signalling his intention of preserving "stability" and countering inflation by tight monetary policies. *Already last month,* he said that the then discount rate of 4 per cent — increased to 5 per cent yesterday—was not appropriate to market conditions and suggested it would soon be corrected. With so much advance warning, the latest changes, *which include a half-point rise* in the Lombard rate to 6 per cent, have already been largely anticipated by the *foreign* exchange and capital markets in Dr. Emminger's view. As he said yesterday, the rise in the *discount rate* was *mainly* a matter of "catching up."

Inflation

That does not necessarily mean it will be uncontroversial. Dr. Emminger would justify the decision by the need to tackle inflation before it is allowed to take root and the importance of setting an example of firm discipline to the other members of the European Monetary System. The West German *inflation rate* reflects a model of restraint compared to the performance of most other industrialised countries, running as it is at a level of around 4 per cent. But the trend has been inexorably upwards in recent *months.* In April the increase over twelve months was 3.5 per cent, in May 3.7 per cent, and in June 3.9 per cent. It could reach almost 5 per cent by the end of the year, against only 2.6 per cent last year. For a country that has for so many years made the controlling of inflation its top economic policy priority, this is a worrying trend.

But there are those who will disagree with the Bundesbank's analysis. Recent weeks have shown considerable differences between Dr. Emminger and the private sector, in particular the commercial banks. The Bundesbank President has criticised *the commercial banks for* contributing to inflation by disregarding the growth targets *for this year's money supply* set by *the central bank.* Dr. Emminger has warned that the 6 to 9 per cent target (for the period between the last quarter of last year and the last quarter of this) is being exceeded and has made it clear he would in any case *prefer the lower figure.* His critics are afraid that his strict monetary policies will provoke a recession next year and badly damage business confidence.

There are also international *implications.* Dr. *Emminger* yesterday played down the prospect of a new wave of capital inflows into West Germany. But the increase in German interest rates can *only help* to strengthen the Deutsche Mark, *at a time when other EMS cur*rencies, and particularly the Belgian franc, are vulnerable to downward pressure. Even if Dr. Emminger is right, and there is no new rush of funds into Deutsche Marks, the longer *term consequence is likely to be* to bolster the German currency —if only by simply achieving Dr. Emminger's aim of reducing inflation. It is bound to add to speculation that a first realignment of the EMS currencies is imminent.

Moderate'

That is why Dr. Emminger was yesterday stressing that the interest rate move was taken largely for domestic reasons, *was "moderate" and not likely* to affect the exchange rate. The Bundesbank is still worried about the danger of a major new influx of foreign currency —particularly if President Carter's policies, or lack of *them, leads to a fresh run on* the dollar. It would be naive to imagine that German interest rates are purely a domestic affair. The parallel increase in French and Dutch rates yesterday were not a fruitious coincidence. That said, it is in everyone's interest that Germany should maintain the economic *stability that it has consistently* set as its goal. One of the reasons why the German economy has fared so well in recent years was the dedication with which the authorities set about tackling inflation in the wake of the 1973-74 oil crisis. The task now facing them is to repeat the trick without provoking *a serious recession.*

Why ITT's new chief fell from power

BY MAX WILKINSON in London and JOHN WYLES in New York

LYMAN C. HAMILTON, the deposed head of International Telephone and Telegraph, missed an extraordinary scene at the company's latest barbecue for senior executives in Brussels two weeks ago.

The barbecue was a traditional feature *established by* Harold Geneen to follow general management meetings during his 19-year reign as chief executive of ITT. Mr. Geneen, who kept the post of chairman when he handed over in January *1978,* wa *sin Brussels on June* 26 for a wedding.

He delivered a characteristically witty speech to the executives which he was used to controlling with a tight grip and was cheered to the echo. *It is said the applause* laasted seven minutes. One of those present said the enthusiasm showed much more than respect for the old boss. It was, he believed, a reflection of the anxieties of many managers about the new leadership and a longing for the decisive style of the old days.

Whatever the reasons for the applause, it symbolised the feeling of many senior people in this sprawling multinational that Mr. Hamilton has failed to take a firm enough hold over the elaborate management systems built up by his predecessor.

It is even seen to be significant that Mr. Hamilton missed the Brussels meeting because he was on a three week's trip round the Far East, visiting the far flung subsidiaries of the *ITT empire. "People were ask*ing how the head of a $16bn corporation could afford to be so long away from his office," said one New York executive.

Many wild statements may be made when a man falls suddenly from great power. However, the unheralded decision to sack Mr. Hamilton, taken by the main board on Wednesday, clearly reflects a feeling among some of his fellow-directors that "Hamilton had lost his grip." As one ITT man said: "Morale had hit the bottom."

More cautious analysts start from the question of whether a conglomerate spread across 80 countries in six continents and ranging through electronics, *hotels,* banking and forestry could be controlled by any one man after Harold Geneen.

At every turn of acquisition and expansion, Mr. Geneen stamped his own personality on the organisation with exceptionally tight financial controls administered from the corporate *centres in Brussels and New* York.

The financial discipline which he imposed required a large bureaucracy in each centre. Mr. Geneen himself presided over the famous monthly General *Management Meetings* which lasted three days in which over 100 executives would assemble to account for themselves in turn.

These meetings with three large screens for the display of data are said sometimes to have had a gladiatorial air when a hapless executive was being grilled on his division's shortcomings. More usually the meetings were said to be constructive but highly disciplined.

Dismantling operation

They were in some ways an outward expression of a fine meshed network of controls all tied in to the centre.

In his first year, Mr. Hamilton began quite explicitly to dismantle some of the old structure. First he divided the company into five major "businesses." These divisions made more logical sense of the scattered operations, and it was the intention to devolve financial and operating controls to them.

The monthly management meetings continued, *but they* were renamed Central Management Meetings (CMMS) and conducted with a markedly different style and emphasis. Mr. Hamilton did more listening and used less of the interrogative technique favoured by *his* predecessor.

According to an executive in one European subsidiary, less detail was required than before. Production plans were presented, but the marketing, legal and personnel departments were not required to present such detailed projections.

Mr. Hamilton made it clear that he wished to reduce the bureaucratic overhead in the company, which had been generating and processing 2,500 pages a month of reports. In place of the large arenas of corporate discussion he set up a new series of Management Sector Meetings in which small groups of executives *would discuss* particular aspects of the business.

An inevitable result of the new approach was that the central cadre of executives would have to be cut down. About 140 executives in Brussels and at least as many in New York have lost the jobs which they held under *the old regime.*

Such a large scale re-organisation could not be accomplished without feeding discontent and anxiety among executives who for a variety of reasons opposed the new devolution.

*Opposition within the corpora*tion started to crystalise in January after Mr. Hamilton flew to Finland to try to conclude an important deal for a new telecommunications factory. He returned optimistic, but the con*tract was lost to CIT-Alcatel of* France. A similar intervention in Costa Rica ended when General Telephone Electronics of the U.S. beat ITT to an important contract.

Mr. Hamilton has also been *under strong pressure* over the huge drain of resources—$600m so far—poured into the development of System 12, the new ITT family of computerised telephone exchanges.

These pressures have all combined to put the heat *on* Mr. Hamilton. However the full story must involve the collision of powerful personalities and the continued presence of Mr. Geneen as chairman.

Mr. Geneen's *semi-abdication and the appointment of* Mr. Hamilton did not lack incongruities which may have had some bearing on the abrupt end to Mr. Hamilton's tenure on Wednesday. The ITT Board which elected Mr. Hamilton had *never won a reputation for in*dependent challenge to Mr. Geneen's policies, not even during the scandal-ridden years of the early 1970s when the company's name became almost synonymous with corporate misbehaviour.

Yet by all accounts, it was the Board which persuaded Mr. Geneen to name a date for handing over the chief executive's job and it was the Board which preferred Mr. Hamilton to Mr. Rand *Araskog,* aged 47, whom Mr. Geneen favoured. No fewer than nine Board members were ITT executives while the outside directors included Mr. Felix Rohatyn of Lazard Freres, two business consultants and two heads of private investment companies.

But virtually the same Board decided on Wednesday to accept Mr. Hamilton's resignation because of "policy differences." Inevitably, the suspicion on Wall Street yesterday was that the policy differences were between Mr. Hamilton and Mr. Geneen whose will had, as on so many occasions in the past, prevailed.

This and the nature of the policy differences must remain matters of speculation until ITT or Mr. Hamilton offer more explanation. For the moment the world must be left to conclude that the Board objected to aspects of Mr. Hamilton's policies and that the chief executive decided that the issues were sufficiently important for him to resign. But the intriguing thing is that there has been no major change in ITT's business profile since Mr. Hamilton took over. Wall Street analysts give him high marks for his basic direction and one, Mr. Ulric Weil of Morgan Stanley averred yesterday that "nobody in his right mind would want to change the policies."

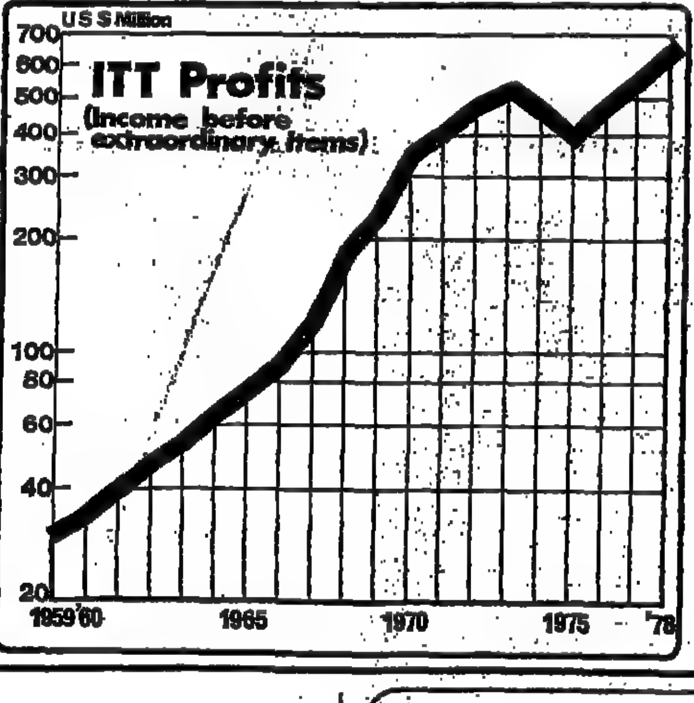
There were three basic elements to Mr. Hamilton's approach. The first was to introduce a more coherent managerial structure on the 250 profit centres which make up this extraordinary company.

Mr. Hamilton began identifying businesses which were marginally *profitable* and least likely to achieve reasonable growth targets. Six companies were sold last year, with aggregate sales of $75m and losses of nearly $6m. For the future, Mr. Hamilton disclosed in London recently, that a further $60m to $65m of business would be sold off and that ITT had sold or agreed to sell 15 companies worth $10m.

Some observers in New York believe that Mr. Geneen was finding the divestiture policy increasingly hard to accept. "Geneen's style had been to throw money and brains at problem businesses and he may not have enjoyed this chipping away at the empire he had built," said Mr. Harry Edelson of Drexel Burnham Lambert, yesterday.

But if Mr. Hamilton was selling, he was also buying—seven companies with total sales of $200m last year. Potentially, these purchases are of great significance because they were *intended to pave the way for a* major repositioning of ITT. Traditionally, ITT was an overseas telephone company which had left the domestic patch to American Telephone and Telegraph, but under Hamilton it was being brought back to its native soil. The aim was substantially to reduce ITT's dependence on European operations and to carry out a major business in the "information delivery" field in the U.S.

The acquisitions last year of North Electric, Jacquard Systems, Boothe Courier Corporation and Qume Corporation were designed to strengthen ITT's capability in producing *and developing* small computer and terminal systems for the office of the future.



ITT SALES AND REVENUES

($m in 1978)

BY PRODUCT

Telecommunications and electronics	5,646
Engineered products	4,972
Consumer products and services	3,600
Natural resources	1,043
Insurance and finance	4,138

BY AREA

	Insurance and finance	All other businesses
U.S.	3,426	5,950
Canada	48	448
Western Europe	576	8,139
Other	88	724

The men at the top

BY GEOFFREY OWEN

Harold Geneen

Lyman C. Hamilton

When Harold Geneen took command at ITT in 1959, the company had net income of $29m on sales of $766m. Last year the corresponding figures were $662m and $15.3bn. From a company whose main business was manufacturing telephone *equipment* in Europe and operating telephone utilities in Latin America, Mr. Geneen created the world's largest multinational conglomerate. It now has 379,000 employees, more than any other U.S. industrial company except General Motors, Ford and General Electric.

In the closing years of Mr. Geneen's 19-year reign ITT was involved in a number of political battles and was strongly criticised for its activities in Chile. But Mr. Geneen's *biggest challenge* was to provide for an orderly succession at the top. The notion that ITT might be unmanageable without him had been encouraged by numerous newspaper articles. "He is *omnipotent and omnipresent,*" said Business Week. "Geneen has built a managerial structure that reverberates with the force of his own personality," wrote Fortune.

* * *

Lyman Hamilton was not the most obvious choice when he was named, in February *1977,* as *Mr. Geneen's successor:* he took over as president and chief executive at the start of last year, with Mr. Geneen *continuing* as chairman. Now aged 52, Mr. Hamilton had taken a master's degree in public administration at Harvard and spent 15 years *in the civil service.* Most of his ITT career has been in finance; he never ran one of the profit centres.

It was apparently his skill in steering ITT through the post-1973 recession which led to his elevation, first, to the five-man office of the president and then to the top job. Mr. Hamilton has impressed outsiders as a strong-willed, articulate executive, determined to *make changes* in ITT's management style.

Mr. Geneen always denied that ITT depended on one man. He told an interviewer from Forbes Magazine: "I worked too long and too hard not to leave ITT in good hands. Do not worry about Lyman Hamilton. He is okay and he is backed up by a great team. Besides, I plan to stick around as chairman and see he runs it even better than I ran it."

* * *

Following Mr. Hamilton's *resignation* the *new* president and chief executive is Rand V. Araskog, who has been chief operating officer since last August. Aged 47, Mr. Araskog graduated from West Point and served in the Defence Department *before* joining Honeywell and then ITT. Unlike Mr. Hamilton, Mr. Araskog has had line management experience, having run the defence communications division and later the ITT aerospace, electronics, components and energy group.

MEN AND MATTERS

Barracking at the bank

In company with the British clearing banks, Standard Chartered is now engaged in gritty wage negotiations. But a London spokesman admitted that these are nothing when measured against the labour troubles in the Chartered *branch in Tokyo.*

The branch has fallen foul of the militant Foreign Bank Employees Union. The result has been three or four hours of industrial action every day for the past fortnight.

Customers dropping in to cash cheques are intermittently deafened by slogan-chanting sessions, conducted by 20 or 30 normally docile employees drawn up in the bank's main lobby like a military parade. The branch manager, Terry Lightfoot, and other British members of the staff, carry on with studious indifference as *though nothing were amiss.*

The cause is Chartered's refusal to pay out a summer bonus to its workers before negotiating on the annual wage claim (it wants to settle the two together). It is the last of the old-established foreign banks in Tokyo to hold out on the bonus issue.

"Another giant step . . . we've already recovered 160 tons of an 80 ton satellite."

Calling the colour

The Edinburgh Festival has been receiving a great measure of support from business this year. It needs all the help it can get, with a budget of less than £1m and a staff of 13 (the Salzburg Mozart Festival, putting on fewer performances, has £6m and a staff of 150).

The festival's publicity manager, Iain Crawford, has been spending much of his time seek*ing sponsors.* "I am amazed how little they seem to want in return for their money," he says.

But when BP put up £25,000 towards the cost of the biggest *exhibition of paintings by Degas* ever seen in Britain, it said that it would like its trademark on the poster. However, the painting already chosen for the poster clashed most unaestheti*cally with* BP's green and yellow.

A fresh look resolved the matter. Degas' "Miss Lala" being loaned by the Tate Gallery, blends perfectly with the oil company's shield. To *reduce competition,* the Festival Society has agreed to convert its red, white and blue symbol to black and white.

Chief's music

Even if Chief Awolowo fails in his present campaign to become President of Nigeria, he will at least be able to console himself by listening to the £100,000 *church* organ he is importing from Bethnal Green in East London. The mission-educated chief, now aged 70, *has ordered* the organ to be built for a church in Ikenne, his birthplace.

"It is the biggest export order we have ever had," says Noel Mander, head of the family firm. He will accompany the *nine-ton organ* to West Africa to assemble it there.' With Mander will go four of his staff, including Sunday Fagbohun, a Nigerian sent to London by Chief Awolowo to be an apprentice organ-maker.

Chief Awolowo leads the Unity Party which is contesting a series of elections which will reach their climax on October 1, in the installation of Nigeria's first civilian President for 13 years.

The organ is due to leave London this month and be operating by September 30. So if the Unity Party does win, it will be just in time to ring out a paean of celebration.

Bites for fish

Even maggots are about to pass through the psycologicaly important £1 barrier, this time £1 per pint. Sacrificed in their millions every coarse-fishing season, maggots attract 15 per cent VAT along with everything else. They *also* attract the attention of the Continentals, who are prepared to pay roughly double as much as British anglers for the fishes' favoured dish—maggot shortages have become endemic during recent summers.

"Breeders *don't* like to admit they are exporting, because then the tackle dealers in this country won't have anything to do with them. They know they'll be let down in the summer when everyone's crying out for them." I was told by Brian *Taylor, owner* of one of the country's biggest wholesalers, Buckingham Bait Company. His clients get through 2,000 gallons a week. With 10,000 maggots in a gallon, "that's a hell of a lot of maggots." He insists that he is not himself exporting them.

As Taylor indicated to me, people in maggots are not a talkative lot. Don Savage, of Yorkshire Maggot Farms, a big fish in the British Bait Breeders Association, dourly vouchsafed that he was not able to meet demand. He was expanding operations—in a modern, hygienic, inoffensive way, of course—just as fast as he could. However, "we like to keep to ourselves," he told me. Publicity resulted merely in "a lot of people chasing us for bait."

The export market has apparently been swollen by restrictions on maggot farming which are more severe in Europe than in the UK. British worms find their way principally to Germany, Holland, Belgium, Luxembourg and Italy. The rising price of food to feed the maggots has increased prices as well. I am told maggots themselves are being fed chicken these days—and, ironically, fish.

Distant echo

With the likelihood that the Tories are to proceed with at least the more unpopular parts of *Labour's dispersal policy* (moving government departments to depressed provincial cities) beleaguered British officialdom can at least reflect it is not alone.

Mexico's 1.8m-strong army of bureaucrats is *also* furious at the suggestion that anyone should be forced to leave the capital. With curious precision, President Jose Lopez Portillo has decreed that he wants 2,861 bureaucrats "de-centralised" by the end of the year, and 68,549 by 1982.

One in every 22 inhabitants of Mexico City is a civil servant, and one or other of them has found time to compile the further statistic that there are 3,400 different buildings in the metropolitan area occupied by officialdom, a total office area of *just under four square* kilometres.

Active policy

A group named the Fight Against Unemployment and High Cost of Living Association was recently formed in Turkey. Police have just arrested nine of its members and charged them with staging 48 armed robberies.

Observer

هكذا من الأحل

MPs' pay: the worst of all worlds

THE ROW about MPs' pay is over, at least for a while. Members of Parliament will now receive a salary of £9,450 a year—rather more than is being offered to the young chartered accountants so eagerly being sought in the appointments columns of the newspapers, but rather less than that of some of the journalists who are paid to report MPs' activities.

By mid-1981, subject to further recommendations of the Boyle Review Body on Top Salaries and to whatever happens between now and then, they should be receiving at least £12,000.

The debate on the subject in the House of Commons on Wednesday was in many ways an anti-climax. Mr. Norman St. John-Stevas, the Leader of the House, seemed to be apologising to the public that the award might appear too generous rather than to Members who might think it too little. The general air was one of embarrassment. Several MPs expressed the hope, and some the expectation, that they would never have to discuss the matter again. A good 250 Members must have failed to play any part in the final voting.

WHAT THEY ARE PAID

MP	£9,450 (now—was £6,897) £10,725 (from June 13, 1980) £12,000 (from June 13, 1981)
Assistant Secretary (Civil Service)	£10,947-£13,378 (now) £11,449-£13,,991 (from August 1, 1979) £14,250-£17,00 (from August 1, 1980)
University teacher (from October 1979 under review)	Professional average £12,862 Lecturer £4,910-£8,992
Miner (based on average week in April 1979)	Surface worker £4,316 Coal face £6,344
Construction worker (in local authority)	£3,900
Steel worker	Production operative £4,982
Hospital doctor (in Health Service)	Consultant £9,528-£12,084 Registrar £4,767-£5,766 Senior house officer £4,257-£4,767

Live issue

Yet whatever the Government may claim now, it is hard to see that the issue is dead. It is equally hard to see why Lord Boyle and his fellow members of the Review Body should continue to do their job when their aguments are so persistently rejected. Not least, it seems to me that there was a failure of political judgment on the Government's part. The Government had the opportunity to implement the latest Boyle recommendations in full, but it invented spurious political reasons of its own for refusing to do so.

As the Boyle Report points out, the responsibility for the pay of Members rests wholly with Parliament. If Members believe that they have been underpaid in the last few years, they have only themselves to blame. Boyle can recommend, but only Parliament can decide. Yet what back benchers and governments seem to have in common is a refusal to follow the Boyle reasoning and a readiness to substitute bogus political arguments of their own.

The case for accepting Boyle in full, and at once, can be well illustrated by the following figures. Until this week the salary of MPs was only about 85 per cent of what Boyle recommended it should be in June 1975, more than four years ago. That is the kind of distortion introduced when recommended increases are delayed. It is also true, as Boyle suggests, that a new Parliament had the opportunity to put these matters right once and for all.

Yet what has happened? The first bogus argument that has been produced is that if the Boyle recommendations had been accepted without frills, there would have been a public outcry. *There is no evidence for this.* As a number of MPs pointed out in Wednesday's debate, they had heard scarcely a murmur about Boyle—for or against—from their constituents. As for press opinion, it seems very largely to be that MPs, and perhaps especially junior Ministers, are underpaid and will continue to be so. It is very difficult to make out which newspapers the Government reads.

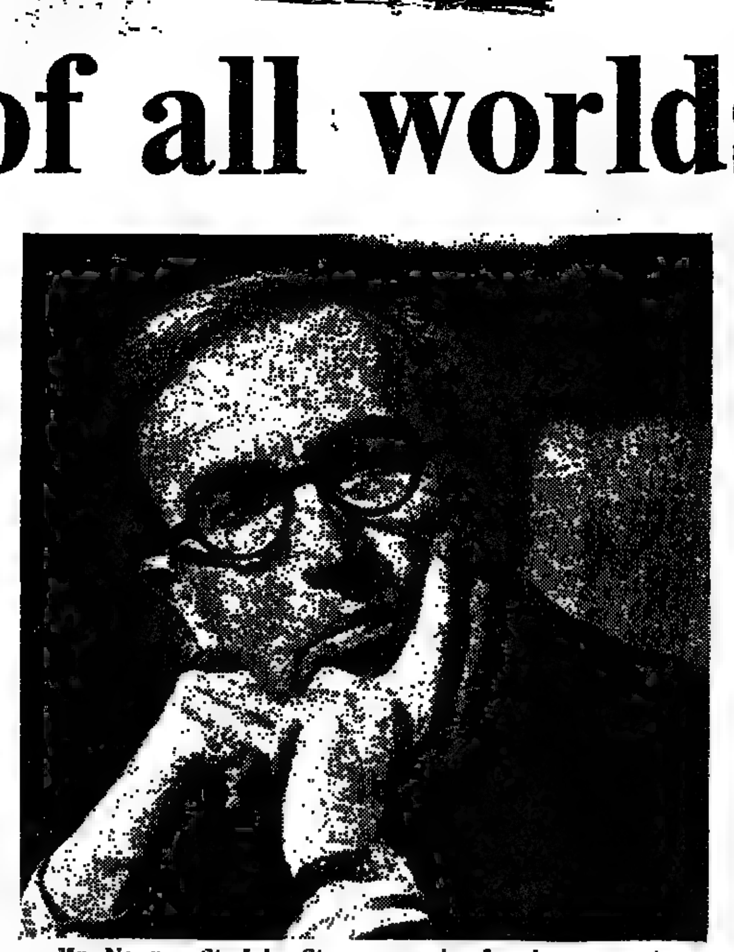
Let us assume for a moment, however, that the Government is correct and that the implementation of Boyle at a stroke could set a bad example for other pay negotiations. One is then asked seriously to believe that implementation by stages, as the Government has chosen, will make all the difference. In particular, we are asked to accept that an initial award of some £2,500 would keep the country quiet whereas an immediate and total award of £5,000 would not. It is impossible to see what sort of rational thinking leads to such conclusions. The Government, in fact, has got the worst of both worlds. It has missed the opportunity to implemnt Boyle in full, yet by its own logic it is running the risk of setting a precedent for other negotiations by making the first stage of the award rather larger than it originally wished. (Mr. St. John-Stevas first proposed that the award should be paid in three equal stages.)

As so often, one bogus argument leads to another. The actual size of the later awards is to be subject to later recommendations of the Boyle Review Body. When the motion was tabled last Friday, it was generally assumed that this meant indexation. Mr. St. John-Stevas denies this. There is no question, he says, of linking the increases either to the rise in the cost of living or to the average rise in earnings. Yet as some of the Tory critics were quick to tell him, what he is proposing is simply indexation by another name. The Government is not saying to the Review Body that it should consider recommending that MPs' salaries should be less than £12,000 a year. It is implicitly calling for another increase. Maybe the increase will not be tied directly to the development of the prices and earnings indices, but it is hard to see how such developments can be entirely overlooked. Even if Boyle recommended only partial compensation for the rise in the cost of living, that would *still be indexation.*

In other words, the Government has enshrined the principle of indexation in the procedures for establishing the pay of Members of the House of Commons. It is quite likely that other groups of employees will now demand similar treatment. Yet, it may be asked, is not the Government against the very idea of indexation? The answer is yes. When the Government first came to consider the question of MPs' pay, it was also against the idea of setting a bad example to the country. That is the trouble with following bogus arguments. The Government has now introduced a course of action to which its philosophy is *fundamentally* opposed. It has done so without any compensating benefit.

There is another point which cannot be proved but which may not be entirely hypothetical. The problem with deferring pay increases is that one cannot tell the future. Who is to know what the economic climate will be like when the second and third stages of the award become due? Would anyone really wager with certainty that the increases will be paid if the climate is bad? That has been the difficulty with MPs' pay all along. The timing is never good, and tomorrow when it comes is rarely more appropriate than yesterday. Only a new Parliament has the chance to deal with these matters expeditiously.

There is also another absurdity Mrs. Thatcher, the Prime Minister, and Lord Hailsham, the Lord Chancellor, are to forgo their own increases until 1981. Try as one may, it is impossible to see the point of this exercise in self-denial, and indeed one assumes that very little self-denial is involved. Will one single old age pensioner be better off because Mrs. Thatcher has refused a pay increase? On the contrary, such self-sacrifice, if such it is, merely makes the Cabinet look divided.



Mr. Norman St. John Stevas—an air of embarrassment.

Other points—such as the creation of a new notional salary for pensions purposes—may be passed over. The Boyle Review Body has been asked to produce by 1981 a formula for tying MPs' salaries to those of another professional body. If that happens, and if the recommendation is accepted, the question of MPs' pay, as the saying goes, will be finally "taken out of the political arena."

It seems to me that that is *some hope. Indeed, it is merely* another example of decisions being deferred.

The current favourite reference point for MP's pay post-1981 is the remuneration of Assistant Secretaries in the Civil Service. As the table shows, the minimum earnings of these people in August this year will be just under the £12,000 a year for MPs recommended by the Review Body. The maximum will be nearly £2,000 above. By August next year the maximum will have risen to £17,000 and even the minimum will be some £3,500 ahead of that of MPs.

There would have been a problem, therefore, even if the *Government had sought to in*troduce the principle of comparability with Assistant Secretaries this week. But there looks like being an even greater problem in two years' time. That is why the issue of MPs' pay is not dead. Those Members who spoke longingly of Wednesday's debate on the subject being the last of its kind are likely to be disappointed. So is the Government, if it be*lieves that the matter is now* resolved.

* * *

As it happened, the exercise in double-think over MPs' pay was rivalled by another. Those Conservatives elected to the European Parliament voted by an overwhelming majority to change their name to European Democrats. It is well known that the term Conservative has overtones in continental Europe that it does not always have in Britain, and equally well known that the British Conservatives sometimes find it hard to work with European Christian Democrats because of the confessional approach to politics that their name implies. *Those are the accidents of history* which most of us can understand.

British Conservatives in Europe, together with three Danes and one Ulster Unionist, now apparently believe that politics can be changed merely by changing a name. Presumably they are still Conservatives, or perhaps not? At any rate, no Conservative should now mock Mr. Anthony Wedgwood-Benn for altering his entry in *Who's Who* or for wishing to be known as plain Tony Benn. For that is exactly what the Tories have done themselves. One wonders, indeed, how they will campaign in the next European elections: Conservatives at home, and Democrats abroad?

Malcolm Rutherford

Letters to the Editor

Venture capital institutions

From the Chairman, Finance for Industry

Sir,—I refer to the report by John Elliott, your Industrial Editor (Page 1, July 12) that proposals are being considered for a subsidy to be provided for equity investment by the venture capital institutions.

This would appear to be contrary to the Government's declared policy in favour of the market economy, if such a plan were indeed being given serious consideration. ICFC has long experience of this kind of business which has been proved over 30 years to be economic in its own right as is reported on other pages of your paper.

In our opinion, it should be possible for any institution specialising in this field with an adequate spread on its portfolio to absorb both administration costs and such losses as may arise.

Seebohm,
91, Waterloo Road, SE1.

Tuition fees

From Mr. J. D'Souza.

Sir,—Michael Dixon (July 7) supports the 33 per cent increase in tuition fees for overseas students, with the argument that a quarter come from countries richer than the U.K. and those from developing countries are mostly children of rich families. What about those who are not?

I think one should distinguish between Commonwealth countries, which were compelled, or at best persuaded, to adopt the English pattern of education in the days of the Empire, and other countries, whose children are sent by choice to the UK to study. Surely, Britain owes a duty to students from Commonwealth countries, and itself enjoys the by-product of favourable trade and political relations when these students return to influential positions in their own countries. Even in Iran, before the Shah's overthrow, many contracts were awarded to British industry, precisely by British-education Iranians.

The best utilisation of foreign aid to developing countries is in the area of education—and if the education is in Britain, the British Government has that much more control over the use of its foreign aid allocation. Financial help can be awarded to deserving students by, say, the British councils in each of these countries out of the foreign aid quota.

A further point is that many students are already committed to education in the UK having completed at least a year. Their decision to study here was largely influenced by the fees they knew were in force and with expectations of an annual rise in line with inflation. Labour Government's announcement of a 9 per cent increase justified their expectations. They are, however, now a captive population with the option of finding the means to pay the extra 33 per cent, further aggravated by the recent strength of sterling, or of foregoing their eduction and the amount already spent, besides the loss of a year. Surely even "the uncompromisingly Tory Dr. Rhodes Boyson" will sympathise with their and my situation—I worked for ten years in two developing countries to save enough to study in the UK.

Julian L. D'Souza,
London Business School,
Sussex Place,
Regents Park, NW1.

Overseas students

From the Director, The London School of Economics.

Sir,—Having read and reread Mr. Dixon's piece on "Trouble Overseas" (July 7) I have decided to ignore his strictures against the staff of Universities who dare defend overseas students and make some simple if familiar points.

Overseas students come to the Universities of this country because the Universities are good. In part at least they are good because overseas students mix with home students. While we admittedly live in a levelling age I for one refuse to take part in the destruction of excellence.

In the Universities at least, most overseas students are postgraduates. They often have no adequate opportunities for advanced education in their own countries. They contribute to the quality of advanced courses here and, last but not least, they contribute to research.

It is certainly true that there are poor students from rich countries and rich students from poor countries and at times vice versa. This, however, merely underlines the ineffectiveness of Government measures whether quotas or across the board fee increases. On balance I suspect that overseas students neither cost as much as the Government would have us believe nor do they bring as much economic benefit as some of their defenders argue. The main reason to have them has to do with the quality and openness of academic institutions.

May I conclude by saying that I sincerely hope that this country will be spared the disastrous syndrome of import controls, political isolation and academic parochialism.

Professor Ralf Dahrendorf.
Houghton Street, WC2.

Imports will not fall

From Mr. B. Orange

Sir,—While Mr. Horsnail (July 9) has a point that the strong pound has made nonsense of importers using forward cover to protect their import costs from a falling sterling, under no circumstances can one say that imports will fall.

We are basically an importing chemical company, but do various exports from time to time. Due to the strong pound, it is virtually impossible to sell any products for export and indeed, you only have to talk to any forwarding agent around the country to know that *there are masses of imports* coming into the UK, but very little being exported.

It stands out clear as a bell to me that the situation will get even worse if the pound continues to be so strong. The UK has a very poor record of exports, due to poor delivery, etc., and this will not change overnight. So you cannot expect UK exporters to keep even the same share against their foreign competitors with this extra 10 per cent handicap due to currency.

It seems to me that the one thing we should be doing with our valuable North Sea oil is to make sure that our industry runs well and stays competitive, thereby creating more jobs. Instead, it looks as if the North Sea oil just puts us further into the mire.

As a side-line, I suspect that all industrial companies with substantial exports will show heavy foreign currency losses within the next 12 months, due to the unexpected strength of the pound and the only people to benefit from the strong pound will be the foreign investors profiting from the rich pickings to be had from the high interest rates in the UK.

B. P. H. Orange.
Orange Chemicals Ltd.,
3, Jewry Street,
Winchester, Hants.

Mortgage rate rise

From Mr. A. Bray

Sir,—No one imagines that building societies are in danger of going out of business, yet the current emphasis of reports and news comments for the imperative need for mortgage rate to be increased has misled the general public into believing an increase is inevitable and that failure to put the rate up immediately will result in a mortgage famine.

At the end of May, 1979, total assets and liabilities of societies were £41.9bn, of which a massive £7.4bn (+£380m since March, 1979) was in liquid assets at the liquidity ratio of 17.8 per cent (17.4 per cent at March). In the five months to May, 1979, the inflow of total funds available for lending was £3.3bn, only slightly less (£100m) than total advances of £3.4bn; during June, 1979, funds (about £750m) are likely to have been slightly more than advances (about £725m); and in July with unchanged deposit rates funds (about £650m) are likely to be slightly less than advances by about £50m.

The Government has said it will pursue a firmly controlled monetary policy, its reason for raising MLR to 14 per cent, and emphasised that the MLR increase is intended to be short term. Of course it is up to societies to decide what rates to pay for money; in practice the liquidity ratio they adopt is at their discretion because whereas their present liquidity is about 18 per cent the only statutory requirement is 7½ per cent to obtain trustee security status.

Even if societies' share interest rate (now 8 per cent) grossed up (11.4 per cent) is 1 per cent to 1.5 per cent lower than the local authority three-month rate (now 13.8 per cent), societies still obtain an adequate cash inflow. A Budget windfall ("composite" rate reduction) could be used for six months to increase societies' grossed up rate to 12.1 per cent, and so immediately materially improve competitiveness.

The facts show that although the societies present deposit rates are insufficiently competitive yet their massive resources would enable them to leave mortgage rate unchanged for the next two or three months, by which time short-term interest rates will most probably have started falling and the present situation become part of history. Our building societies are the envy of most countries in the world in the way they have enabled millions of would-be owner-occupiers to become first-time buyers, and it is to be hoped that they will decide their responsibilities to their customers are best served by leaving the mortgage rate where it is for the present.

Anthony J. Bray.
Construction Activity Research.
54, Byron Avenue,
Coulsdon, Surrey.

Trading pitches

From the Chairman, Laurleys

Sir,—Perhaps the building societies would not need to raise their mortgage rate if they did not quite unnecessarily compete at impossibly high rentals for prime trading positions in the country's principal retail trading pitches.

To an ever-increasing extent and to the detriment of retailers, bona-fide traders are out-bid for such positions. I cannot believe that this is in the interests either of the borrower from, or of the lender to, the building societies and it is most certainly against the interests of the shopper.

J. G. Bellak, Chairman.
Laurleys, Swift House,
Liverpool Road,
Newcastle, Staffs.

Public sector borrowing requirements

From Mr. T. G. Congdon

Sir,—Mr. Samuel Brittan's discussion of the latest L. Messel and Co. *Financial Analysis* in "Economic Viewpoint" (July 5) was accurate and though-provoking. We are delighted that the calculations we made of rising Government oil-revenues, which could have a profound effect on the financial situation in the next few years, have entered the public debate on economic policy.

When he moves from arithmetic to analysis, however, Mr. Brittan reaches a conclusion very different from our own. Our argument was that the oil revenues should be used to reduce the public sector borrowing requirement as one in*gredient of a financial policy* which would permit a gradual slowdown in monetary growth. To ensure that the oil revenues are deployed to this end and no other, we suggested that the Government should announce a medium-term financial plan relating to both the money supply and the PSBR.

But Mr. Brittan believes that, "all that is necessary is the monetary targets themselves." Apparently, Mr. Brittan considers that the PSBR would have little connection with monetary policy if there were no exchange controls. In that case, "the decision about how large a Budget deficit to run becomes a matter of whether the country concerned wants to be a net *lender* or *borrower* overseas."

Private sector capital outflows might well develop after a cut in the PSBR. But monetary policy would still be conditioned by the size of the Budeet deficit. Institutional cash flow has been buoyed up in recent years by inflation—and it is the strength of institutional cash flow which has led to massive gilt-edged sales and the successful financing of the large PSBR outside the banking system. If inflation declined, the institutions' ability to acquire Government debt would weaken. In that sense, a PSBR equivalent to 5 per cent of national income could not be financed in a manner consistent with monetary deceleration. There is also no doubt that the exceptional interest rate volatility in recent years is largely attributable to the big Budget deficit and the resulting uncertainties in the funding programme. Does Mr. Brittan want this state of affairs to continue?

Mr. Brittan says that, "for *the pure purpose of monetary* control the Messel PSBR projections are far too severe." We find this statement surprising in that the PSBR reductions we envisage year by year after 1980-81 are smaller than those which would occur (in a full year, on a constant employment basis) as a result of the last Budget, which Mr. Brittan criticised on June 13 as not sufficiently tough in its financial targets. More seriously, the notion that a small Budget deficit is "severe" harks back to the worst kind of Keynesianism, which Mr. Brittan himself has ably denounced in many articles for quite a long time. In any case, to describe the PSBR reductions as "*severe" is simply a misunder*standing when the reason for those reductions is extraneous to the level of domestic aggregate demand.

It is suggested by Mr. Brittan that "the real reason for reducing the PSBR is to enable the private sector to purchase overseas assets." We pointed out that, if the PSBR were to be cut substantially, there would need to be a radical reshaping of investment patterns, as the supply of gilts would dry up. But the major financial institutions would be able to decide themselves whether their money should be invested overseas or in debt issued by UK private sector companies. It is inappropriate for Mr. Brittan to prejudge this question by saying that all the surplus funds should be invested overseas. Indeed, "the real reason" for cutting the Budget deficit in our view is that finacial institutions could resume their traditional function of allocating resources to companies and individuals. In recent years, that function has been usurped by politicians and civil servants; they have received the finance to back their hunches, prejudices and dogmas from the high PSBR and the accompanying massive gilt sales. Mr. Brittan thinks there would be "a famine of domestic financial assets" if the PSBR were lowered drastically. Why is he so pessimistic about the ability of financial markets to match supply with demand? Isn't it possible that companies might want to issue debentures or new equity to compensate for the cessation of miscellaneous Department of Industry welfare hand-outs?

Reductions in the PSBR are an essential part of sound financial policies—and of the move towards rational resource allocation by private sector decision-takers to which the present Government is committed.

Tim Congdon.
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Today's Events

GENERAL

UK: Bishop Abel Muzorewa, Prime Minister of Zimbabwe-Rhodesia, meets Mrs. Margaret Thatcher.

Building Societies Association council meets to decide mortgage rates.

Transport and General Workers Union conference concludes, Scarborough.

Union of Post Office Workers telecommuncations branch pay talks.

The Queen visits Westminster Cathedral Flower Festival.

Prince Charles visits Exeter Cathedral.

Overseas: TUC officials meet AFL-CIO (U.S. labour organisation) officials in Washington.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

OFFICIAL STATISTICS

Retail prices index (June). Index of industrial production (May - provisional). Building Societies' receipts and loans (June).

COMPANY RESULTS

Final dividends: Marston Thomson and Evershed. Thorn Electrical Industries. Town and City Properties. Interim dividends: Dewhurst and Partner.

COMPANY MEETINGS

British Vending Industries, Unit 3, Plybrook Place, Garth Road, Morden, Surrey, 10.30. Buckley's Brewery, Smith's Arms, Penelliogi, Llanelli, 10.45.

EXHIBITIONS

Doulton products, with the story of Doulton as theme—Victoria and Albert Museum (until August 12).

Holbein and the Court of Henry VIII—Queen's Gallery, Buckingham Palace (until September 30).

150 years of Metropolitan Police—Museum of London (until September 30).

UK COMPANY NEWS

Imps up £9m at halfway: sees full-year advance

TAXABLE profits of Imperial Group rose from a depressed £59m to £68m in the half year to April 30, 1979. Sales advanced from £1.71bn to £1.85bn.

The Board is forecasting a profits increase for the 12-month period. Last year the taxable surplus edged ahead from £129.1m to £131.1m.

The half-year results, say the directors, would have been better but for the bad weather and industrial disputes outside the group which hit output and the pattern of consumer spending. In 1976 midway pre-tax profits stood at £65.1m and the following year they rose to £67.5m.

The interim dividend is raised from 2.25p net to 2.75p to reduce disparity and should not, say the directors, be regarded as having any implication for the full-year payout. Last year's total was 6.32p net.

The directors add that while all divisions produced better results, the tobacco and food divisions largely account for the improved trading surplus of £77.3m, against £64.5m.

The tobacco operations lifted the surplus from £32.2m to £39.9m on turnover down from £1.01bn to £995.6m. The division improved profitability despite strong competition, the dominant feature of which was the growth of the king-size brands at the expense of small sizes of cigarettes.

Trading profits of the food side jumped from £8.8m to £12.8m on sales ahead from £398.8m to £519m. The road haulage dispute and the bad weather affected operations in different ways. Output was stopped at several factories, but the demand for processed foods increased because of the scarcity and high price of fresh vegetables.

The Board points out that to assess the effects of inflation it has calculated the consequences of higher depreciation charges and the cost of sales adjustment. These two factors would represent £35m (45 per cent) of the £77m trading surplus and £31m (48 per cent) of the previous year's midway profits.

Taxable profits for the half year are struck after increased interest charges of £21.4m (£17.6m). Tax takes £13.2m, compared with £10.7m, leaving net profits up from £48.3m to £54.8m.

The attributable surplus is boosted by an extraordinary credit of £119.5m (£11.1m) which is mainly the profit on disposal of the BAT Industries ordinary shares. The credit lifts profits at this level from £59.3m to £174.1m.

Excluding these extraordinary items, stated pre-tax earnings per 25p share are up from 8.3p to 9.5p and after tax from 6.8p to 7.7p.

	Half-year 1979 £m	1978 £m
Sales	1,854.9	1,712.4
Tobacco	995.6	1,008.5
Paper, board, packaging and plastics	123.9	110.3
Food	519.0	398.8
Brewery	240.4	223.3
Foreign curncy. effct.	*5.2	*9.8
Less sales within group and assoc. cos.	18.8	19.1
Trading profit	77.3	64.5
Tobacco	39.9	32.2
Paper, board, packaging and plastics	7.3	7.2
Food	12.8	8.8
Brewery	17.4	16.5
Foreign curcy. effcts.	*0.1	*0.2
Interest charges	21.4	17.6
Investment income	12.1	12.1
Profit before tax	68.0	59.0
Taxation	13.2	10.7
Profit after tax	54.8	48.3
To minorities	0.2	0.1
Extraord. credit	119.5	11.1
Attributable	174.1	59.3

* Debit.

See Lex

HIGHLIGHTS

The Imperial Group has released improved results for its half year and should also show some gain for the year as a whole, although the performances from the divisions seem rather variable. Another of the big tobacco companies, **Rothmans International**, reported a 22 per cent increase in *pre-tax profits yesterday, but disappointed the market with a* relatively small increase in the dividend. Lex also looks at the surprise bid from **Tesco** for the fast-growing supermarket chain, Cartiers. Elsewhere, another food retail chain, **Lennons**, comes up with a rights issue and other highlights on the companies front include figures from **Howden Group, United Gas, Thermal Syndicate, and National Carbonising.**

£1.76m increase by Howden Grp.

WITH A rise from £3.34m to £3.79m in second half pre-tax profits, Howden Group ended the April 30, 1979 year at a record £6.66m compared with £4.9m. At midway, the directors forecast an appreciable increase in the full year result. They now say group order books are healthy, liquidity is sound, and a continuing advance for the current year is envisaged.

	1978-79 £	1977-78 £
Profit before tax	6,660,595	4,900,547
Tax	2,507,003	2,056,412
Net profit	4,153,592	2,844,135
To minorities	167,212	492,986
Extraord. debits	242,853	137,601
Attributable	3,743,527	2,213,548
Pref. dividend	13,650	13,650
Interim dividend	383,973	143,277
Proposed final	518,384	484,389
Retained	2,827,520	1,572,232

As forecast last August, at the time of the £2.4m rights issue, the dividend total is lifted on increased capital from 4.0373p to 4.7p net—earnings per 25p share were 22.7p (15.2p). A one-for-two scrip issue is also proposed.

Attributable profits were ahead from £2.21m to £3.74m, after a tax charge of £2.51m (£2.06m), minorities and extraordinary debits.

● comment

Howden is sounding sufficiently bullish about liquidity and orders to lead shareholders to suppose that a handsome dividend rise will be on its way next year. Holima is trading profitably and Howden Group Canada achieved a significant measure of recovery with profits ahead by perhaps a half to about C$5m pre-tax although that may translate to a gain of approximately 25 per cent on sterling conversion. Like Canda, the UK, South African and Australian subsidiaries all appear to be picking up a healthy volume of power station work. *For the present, however, shareholders* receive a dividend exactly in line with the rights issue forecast where the yield at 102p, up 8p yesterday is 6.8 per cent. The cover on a fully taxed basis is almost four times that which might provide scope for something substantially higher although the group is now waiting for industry to establish a definite payment trend before committing itself further. The *fully taxed p/e is 6.3 on the post* right capital which analysts expect to fall to around five next time. As yet this is the most obvious clue to the share price reaction.

Rothmans tops £98m: big expansion in Europe

FOLLOWING THE rise from £37.9m to £44m in the first six months, Rothmans International completed the year to March 31, 1979 with pre-tax profits up from *£80.6m to £98.2m, an increase of* 22 per cent.

The group's net profit was up 25 per cent to £59.9m and after deducting minority interests which reflect the inclusion this time of the Canadian companies, attributable profit rose by some 13 per cent to £47.9m.

	Year 1978-79 £m	1977-78 £m
Sales revenue	2,364.3	1,963.5
Operating profit	115.7	93.6
Net interest exp.	11.1	8.0
Associates profits	[illegible]	7.4
Convertible bonds interest	14.4	14.4
Profit before tax	98.2	80.6
UK tax	3.9	2.8
Overseas tax	31.7	27.8
Associates tax	2.7	2.3
Net profit	59.9	47.9
Minorities	12.0	5.7
Attributable	47.9	42.2

Sales revenue was up from £1.96bn to £2.36bn and includes VAT, tobacco duties end-product tax and all other state taxes where applicable. Net sales revenue, excluding these items amounted to £933.2m against £889.9m.

Basic earnings per share are shown at 30.6p against 27p and 19.5p (17.9p) fully diluted. The final dividend is stepped up from 1.3266p to 1.65p raising the total from 2.0566p to 2.45p.

The directors say non-tobacco interests through Alfred Dunhill and Carling O'Keefe now make an important contribution to profits.

Tobacco contributed £97.6m (£84.4m) to operating profit while luxury consumer products contributed £10.8m (£9.2m), brewing £6.1m and energy £1.2m.

The group's European based operations showed continued strength with increased cigarette sales volume and trading profits. Significant sales advances were achieved in the UK and France while exports from the UK and other European sources were a record.

The higher volume of business, however, was not wholly reflected in the year's results due partly to the strengthening of sterling against major world currencies. The consequent reduction in the sterling equivalent of profits of overseas subsidiaries and associates on translation at the year-end rates of exchange amounted to some £3m compared with a gain of a *similar amount in the results for* the previous year.

The effect of SSAP 15 is to reduce the tax charge by £9.1m (£7.3m) of which £8.4m (£7.2m) is attributable to the group.

The *balance sheet provisions* for deferred tax no longer required have been released to reserves—the amount so released is £28m, the major part of which is attributable to Rothmans International.

The acquisition of Rothmans of Pall Mall Canada has given rise to additional goodwill on consolidation of £30.1m.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AB Foods	0.31	Dec. 3	—	2.9¶	2.32
Airfix	2.29	—	1.99	3.66	3.22
BB & EA	1.9	—	1.58	3.1	2.58
Downs Surgical	1.63	Oct. 1	1.63	3.23‡	2.33§
General Funds Inv. int.	2.3	Sept. 28	2	—	5.45
Howden Group	2.7†	—	3.15	4.7	4.09
Imperial Group int.	2.75	Oct. 31	2.25	—	6.32
Mitchell Somers	1.6	Oct. 1	Nil	3.35	1.57
Morgan Crucible 3rd int.	0.49	Oct. 1	—	6.38	5.31
Nat. Carbonising	0.7	—	0.67	0.7	1.33
Rothmans	1.65	Oct. 2	1.33	2.45	2.06
St. Andrew Trust int.	2.25	Oct. 1	2	—	4.9
Thermal Syndicate int.	3	Aug. 9	2	—	6
United Gas	3.39	Oct. 1	2.68	4.5	3.67
Watson and Philips int.	1	Aug. 27	0.85	—	2.71
R. Kelvin Watson	1.79	—	1.28	3	2.38
Tribune Invest. int.	0.65	Aug. 24	0.55	—	1.7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months. § For 12 months. ¶ Not less than 2.9p forecast for current year.

£518,000 for Downs in final 3 months

WITH PROFITS of £518,000 accruing in the final three months of its extended period, Downs Surigcal, maker and supplier of surgical instruments and appliances, reports a pre-tax surplus of £1.78m for the 15 months ended March 31, 1979. In the previous full year, £877,000 was achieved.

The company has changed its year-end in order not to conflict with the extension of the Christmas/New Year holiday period. The new accounting date brings Downs into line with the UK fiscal year and that of its principal customer, the National Health Service.

The directors warn that there has been a slow start to the current year, as the VAT increase and other rising costs will reduce NHS hospital purchases below last year's level in real terms. They say it is too soon to predict the effect on sales and profitability.

Sales for the 15 months period reached £18.14m compared with £12.13m in the previous year. Profits were after providing £18,000 for allocation of shares to longer serving employees under the terms of the proposed profit sharing scheme.

With earnings per 10p share at 9.59p (4.02p), a final dividend for the period of 1.625p brings the total to 3.225p, against 2.325p in the previous 12 months.

Tax took £345,000 (£278,000) and there were exchange losses of £100,000 (£126,000). After an extraordinary credit of £49,000 this time, and dividends, retained surplus emerged at £900,000 (£128,000).

Airfix drops below target with £0.17m fall to £1.56m

AGAINST the directors' expectations, taxable profits of Airfix Industries, toy maker, slipped from £1.73m to £1.56m in the year to March 31, 1979, on increased turnover of £43.21m, compared with £38.87m. The surplus includes an extraordinary credit of £41,000 against a £963,000 debit.

The profit was struck after depreciation of £2.28m (£2.08m), and interest of £1.29m (£0.88m).

At midway, Meccano's failure to achieve budgeted improvement had caused the Board to *lower its full-year expectations*, but the outcome was expected to be slightly ahead of last time.

Tax for the year took £409,000, against a £751,000 credit, of which £450,000 was attributable to the extraordinary debit. Minorities totalled £59,000 (£259,000).

The net final dividend of 2.2911p per 20p share lifts the total from 3.2221p to 3.663p. Stated earnings are lower at 4.1p (4.6p).

● comment

Ignoring extraordinary items, Airfix is 43 per cent down at the pre-tax and pre-minority interest level. While higher depreciation and debt servicing costs obviously did not help, it is clear that Meccano was only marginally less of a disappoint*ment than in the previous year.* Meccano's problems were exacerbated by the harsh winter and the lorry drivers' strike—the Liverpool plant was closed for around 10 days at a cost well into six figures—but the timing of a true operating recovery is still very much an open question. Perhaps next year. Losses in the shoe division, which new management will seek to correct, probably offset most of a near 20 per cent improvement in the plastics business while the current year must, to some extent, be affected by re-packaging requirements in Germany, a strong pound's erosion of export margins and supplier's post-winter delivery problems. Airfix is apparently now seeking a big *rise in order volume as the pre-*Christmas campaign opens but, for the moment, the shares, unchanged at 41p yesterday, rely heavily on a yield of 13.7 per cent since a p/e of 9.4 on published earnings is by no means ironclad.

Thermal Syndicate well ahead

A SHARP increase in first-half profits is reported by Thermal Syndicate and the directors say that results for the current year ended October 31, 1979 should *show an improvement over last* year.

From turnover of £6.15m against £5.17m, profits in the first six months to April 30 rose from £202,000 to £502,000 before tax of £177,000 against £67,000.

The interim dividend is stepped up from 2p to 3p—the previous total was 6p from pre-tax profits of £596,000, well down on the previous year's £1.13m.

● comment

Half-time profits from Thermal Syndicate are probably £75,000 *better pre-tax than could have* been expected, and it now looks as if the company can pull itself above £1.2m for the year, despite the drag of much lower profits from "know how" sales. Last year these chipped in around £570,000 to profits but this year the figure is unlikely to be much above £100,000 on completions, though it could be doubled by profits coming through from earlier contract completions. Nevertheless Thermal needs to pick up some more "know how" contracts, for the contribution from this source could be virtually nil during next year. On the other side trading profits have been making steady progress but fears over tightening market conditions, limits profit projections in the second half. The strength of sterling is not helping either. *Overall, at 132p* the prospective fully taxed p/e of nearly 12 and yield of 7.8 per cent (assuming 7p net) looks on the expensive side.

S & U Stores makes £3.2m debt provision

S AND U STORES has decided to write off £3.16m for possible *losses on credit* sale and hire purchase debtors. This follows the end of the group's credit trading activities, and the switch to retail credit.

The Board is to make the provision for the whole rather than part of the creditor debt balances.

Trading profit for the year to January 31, 1979, rose from £532,000 to £884,000 on turnover ahead from £16.42m to £22.27m. After the debtor provision this time and other items the increased trading profit is turned into a loss of £3.01m.

The directors say that the reserve they have created will cover any possible losses which may occur, and that at present debtors provided for are making returns at the rate of £500,000 a year.

The Board adds that it intends to bring back cash collected in the future as exceptional profits.

It points out that the personal loan business is continuing satisfactorily with increasing profitability.

There is again no dividend on ordinary and preferred ordinary *shares but £8,000 (same) is being* paid on the cumulative preference shares. The last payment on 12½p ordinary shares was one of 0.569p net for 1976.

In addition to the debtor provision this time there are £700,000 losses on the closure of a subsidiary and £32,000 losses on property sales.

Because of continuing losses the subsidiary Swallow Raincoats was closed in January this year.

The directors add that the reorganisation of the company's business, begun in 1975, is now complete.

Reduced deficit from Sturla despite higher interest

DESPITE A return to profits in the first half, higher interest charges of £67,000 against £6,000 for the year ended January 31, 1979 *left* Sturla Holdings, consumer finance group, with a loss, albeit lower, of £16,000 against a previous £93,000. Turnover went ahead from £1.54m to £2.73m.

As planned, the group has substantially expanded its base of operations, with the introduction of new business and consumer asset financing plans.

The directors are confident that the investment made during the year has laid the foundation for continued expansion.

Sturla achieved a turnround in the first half from a loss of £61,000 to a £5,000 profit—the first time since a £439,000 profit was obtained in 1973-74—for the three years previous to 1977-78 losses totalled £2.07m.

For the full year loss per 10p share is given as 0.16p compared with 2.03p.

There is again no dividend, the last payment being 0.3685p final for 1973-74.

● comment

The troubles are not yet over at Sturla, despite a significant improvement on the trading account. Small accumulated dividends on the preference stock have still not been paid and the interest charge is 11 times higher on almost doubled turnover. There is, however, potential for growth as gearing is low, the leasing market is booming and credit lines are by no means exhausted. A major worry is the narrow capital base. On the share price of 13p, the group is capitalised at slightly over £1m, which compares with a borrowing limit of £7m. The group could make another rights issue but is also looking at the possibility of accepting an investment by creditors. Sturla is also looking at acquisitions to boost its equity revenue but its own balance sheet, though improved, hardly justifies major expenditure. One positive point is that auditors have apparently given the company a clean bill of health this year after a recent history of qualifications.

ISSUE NEWS

Lennons £1.85m rights: profits show a £0.34m improvement

MERSEYSIDE-BASED supermarket chain, Lennons Group, proposes to raise around £1.85m with a one-for-four rights issue at 30p per share. At the same time, the group revealed that turnover for the year to end-March last amounted to £71.72m against £64.18m while pre-tax profits advanced from £1.48m to £1.82m.

A final dividend of 1.43183p per share is proposed lifting the net total from 1.66848p to 1.903730p per share. The board, headed by Mr. D. P. Lennon, intends to pay total dividends amounting to 2.21359p per share for the current financial year.

Mr. Lennon states that, as mentioned in the interim statement, the group has been moving ahead with its development programme for acquiring and equipping additional stores while continuing its policy of purchasing, where appropriate, the freeholds of existing outlets.

This programme has been financed out of cash flow and available bank facilities and has absorbed in excess of £3m in the past two financial years. While adequate finance is understood to be available from these sources to enable the group to maintain its current momentum in implementing its policy of selective capital investment, it is considered that a broadening of the equity base and the resultant strengthening of the financial position would enable the Board to increase this momentum should suitable opportunities arise.

Lennons achieved record food retailing profits last year since the lorry drivers' strike had relatively little effect. The wine division produced record profits in the second half but this was not enough to offset the shortfall of the first six months and, overall, the wine business suffered a 7½ per cent profit decline.

Total sales are currently running ahead of budget. The chairman is "well satisfied" with trading levels in the first few weeks of the current year and is confident of further growth.

A revaluation of the group's properties since March shows a surplus of £2.34m over book *value but, the chairman points* out, this does not include the "considerable" value of Lennons' short leasehold properties. The rights issue has been underwritten by Singer and Friedlander and the brokers are L. Messel.

● comment

Lennons is leaving itself a very considerable margin with which to step up its rate of expansion. In addition to the rights issue, pitched at a 19 per cent discount to the overnight price, a £1.25m term loan was negotiated last winter (on far more favourable terms than the last borrowing tranche) and cash flow is running at around £1.8m annually. Against that, the group expects to spend around £1.5m again this time so there is clearly a great deal of scope to exploit "suitable opportunities," with the purchase of retail freeholds being an attractive target. On trading grounds, a 1p share price fall to 36p yesterday looks somewhat misplaced for overall profits are usefully ahead by 23 per cent, food margins have expanded by a little over half a point and initial disappointment in the wine and spirits division has almost been forgotten. A p/e of 5.4 on published earnings possibly understates growth prospects this year and plainly ignores any retail industry bid speculation (Lennons has had a number of approaches and the drinks chain has proved quite a magnet) that Tesco's offer for Cartiers may have stirred up. The decision to limit the dividend increase to just a tenth, where the ex-rights yields is 7.8 per cent, is not over-generous but the promise of a 15 per cent rise on the higher capital base next time offers some compensation.

MERCANTILE HOUSE

S. G. Warburg has confirmed that progress is under way for an offer for sale of 2m shares in money broker, Mercantile House Holdings.

The offer for sale of 36.4 per cent o fthe equity will be made in a prospectus published Monday, with the application list opening the following Thursday.

Mercantile is the parent of M. W. Marshall and Saturn Holdings. Brokers are Cazenove.

Mitchell Somers regains some lost ground

AFTER THE midway setback, taxable profits of Mitchell Somers, engineer and forgemaster, picked up in the second six months to finish the March 31, 1979 year at £2.51m, compared with the record £2.73m *previously. Turnover advanced* from £23.42m to £26.13m.

Profits for the first 26 weeks were down from £1.26m to £925,000, but the directors said in December that trading possibilities in the second six months appeared better than those in prospect at the beginning of the first half.

After much reduced tax of £81,000 (£720,000), yearly earnings improved by 2.5p to 15.5p per 10p share. The dividend total is lifted from 1.57p to 3.35p net, with a 1.6p final—last year, no final was paid.

Special interim from Shell

THE DIRECTORS of Shell Transport and Trading Company are considering the distribution of that part of Shell's past dividend entitlement, from companies of the Royal Dutch/Shell *Group, amounting to 27.184p* gross, payment of which was deferred in view of dividend restraint.

They add that consideration of the interim, for 1979, will be made in September as usual.

Last March a 6.965p net final made a 17.536p total for 1978. A one-for-one scrip issue was also announced.

Mackinnon £37,000 loss

A TURNROUND from a £222,349 pre-tax profit to a loss of £37,284 was suffered by Mackinnon of Scotland, the knitwear manufacturer, in the six months to April 30, 1979. The group blamed difficult trading conditions, aggravated by a further reduction in exports.

The directors say the second half should show a slight improvement. In the last full year the taxable surplus slipped from £422,000 to £401,000.

Kelvin Watson advances

PROFITS BEFORE tax of R. Kelvin Watson, the optical group, moved ahead from £555,030 to a record £678,572 for the year ended March 31, 1979, on increased turnover of £4.36m compared with £3.6m.

When reporting first-half profits up from £218,401 to £280,971, the directors expressed confidence about the company's future, and in particular the full year outcome.

After-tax yearly earnings improved from 12.08p to 14.67p per 10p share, while a final net dividend of 1.79p lifts the total to 3p (2.38p). The directors expect to at least maintain this payment level in the current year, notwithstanding the scrip issue now proposed of one new 10.5 per cent preference share for every 10 ordinary held.

Tribune Inv. up to £0.58m

Pre-tax revenue of Tribune Investment Trust rose from £548,403 to £581,571 in the six months to June 30, 1979. Net revenue was higher at £330,124, against £311,523.

The net interim dividend is stepped up from 0.55p to 0.65p per 25p share—last year's total was 1.7p on taxable revenue of £1m (£0.77m). Net asset value is given as 87.5p (96.8p).

● NEWS ANALYSIS—CARTIERS TAKEOVER

Tesco spending for the 80s

BY JAMES BARTHOLOMEW

It is still possible in Britain for an entrepreneur to make an awful lot of money. And an awful lot of money is what Tesco is prepared to spend to survive as one of the major supermarket groups through the 1980s. These are he two main conclusions to be drawn from Tesco's £19.4m agreed bid for Cartiers Superfoods announced yesterday.

Mr. Lew Cartier, 33-years old, born and bred in Margate, Kent, is now worth over £10m, represented by his 53 per cent stake in the company he built up.

He started it 10 years ago with £50 of his own and a £500 loan from his father. He bought a van and started a mobile butcher service.

In 1971 he decided to join in the fashionable growth business of frozen food. Later he expanded into general groceries, but his expertise in frozen food and meat retailing has been the cornerstone of his success. That, his business acumen and hard work—he has taken three weeks holiday since 1969.

He now intends to have a bit more of a rest before ploughing back into business, and doing it all again in a different way. He hopes to start up another, undisclosed, business and eventually bring it to the market just as he brought Cartiers to the market last year.

The short story of Cartiers' life as a public company is remarkable enough in itself. It was floated at 55p per share exactly a year ago yesterday. It was oversubscribed 105 times and now leaves the public stage at 150p per share.

Is Tesco paying too much? Mr. Lesile Porter, the chairman says it is cheap compared to the cost of building up such supermarkets from scratch. The bid is worth £19.4m but he estimates it would cost £25m to £30m to buy the sites at current prices. "Frightening," he calls it.

For Tesco the acquision is part of a high-spending survival strategy. Ralph Temple, the finance director, reckons that in five years the number of major national food retailers will be four or five, compared to 11 or so now.

The ones-to-come-through will be those that have the money and determination to keep up with the trends. These trends, at least for the time being, are towards bigger stores and modern computer-based systems.

Cartiers fits in because it stores are mostly in the 12,000 sq. ft. to 20,000 sq. ft. range—not in the hypermarket class, but big enough.

Tesco also wants to get hold of good sites while they are still to be had. Getting planning permission for the big supermarkets is never easy and the supply of suitable sites is finite. Another aspect is the advantages of size in itself—the broader back for overheads and the greater buying power.

Tesco spent £72m capital expenditure in 1978/79, including £6m on computer facilities. This year the bill goes up to £80m, excluding the Cartiers purchase. Temple agrees that this will probably take the company into net borrowings by the year-end. A rights issue is feared by some brokers, although Temple remarks that in the long term share issues are not a cheap form of finance.

The danger in taking over from an entrepreneur like Cartier is that his business may have idiosyncracies which do not fit easily into the larger organisation. Tesco had some difficulties of this sort when it bought 3 Guys, an Irish supermarket chain, from Albert Gubay last year.

Cartiers' style of retailing, with its frozen food emphasis, has been quite different from that of Tesco. Mr. Cartier would not comment yesterday when asked if Tesco could make as much money out of his stores as he had. But he remarked "with all due respect, they are going to learn one or two things from us."

The ten times millionaire nonetheless has a high enough respect for Tesco to say that it, along with Sainsbury and Asda, will be among the supermarket survivors. He adds, "I wouldn't give you much for the rest."

Nat. Carbonising back in profit at pre-tax level

A RETURN to profitability at the pre-tax level is announced by National Carbonising Company, producer of Rexco smokeless fuel, with a turnround from a £116,000 loss to a profit of £34,000 for the year ended March 31, 1979. Turnover improved from £30.16m to £35.9m.

At the attributable level, however, the company incurred a deficit of £154,000 against a £894,000 profit, resulting from the inclusion of extraordinary losses of £167,000 (£922,000 profit). Tax took £21,000 (£86,000 credit).

The pre-tax result included a £137,000 profit this time on the sale of shares in Ranger Oil (Canada), but was struck after interest of £368,000 (£348,000).

At the halfway stage, there was a loss of £90,000 (£22,000 profit) which included the sale of shares profit.

The chairman says action is being taken in those areas which had poor results. The carbonising division maintained its position and the commercial vehicle side increased its profits.

The balance sheet value was further strengthened during the year, and at the year-end there was no overdraft. The market value of the investment in London and Scottish Marine Oil Company (LASMO) rose by over £900,000 in the year and has risen considerably since then.

The board intends to use the balance sheet strength to concentrate the group's future activities in the sphere of energy, for which it was formed and with which it is familiar. A specific opportunity in this area is receiving attention at the moment.

In view of this decision and because of the increased value of the LASMO investment, a final dividend of 0.7p (0.67p) is recommended which compares with a 1.33p total last year—in February, the chairman said that the trading situation did not justify an interim payment and he warned that a final was unlikely.

Before extraordinary items, stated earnings per 10p share were 0.11p (0.24 loss), but after the same there was a 1.3p loss (7.61p earnings).

● comment

A dividend is being paid out of reserves by National Carbonising on the back of an improved balance-sheet for a 1½ per cent ing something of a tightrope. The earnings position has been flattered by the sale of investments over the past two years and the dividend payment is based on an improvement in the market value of London and Scottish Marine Oil Company, which is itself not yet paying dividends. The elimination of overdrafts has allowed the group to consider a specific acquisition in the energy field but it may have reason to look over its own shoulder. Mr. Graham Ferguson Lacey now holds 27.05 per cent of the capital through Birmingham and Midlands Counties Trust, after having said that he envisaged a stake of about 20 per cent. National Carbonising may become a more attractive proposition in the coming year. The main drag on profits has been engineering, which lost £200,000 in 1978, and this is being closed down. The smokeless fuel division maintained profits at slightly above £400,000 and commercial vehicles are doing well.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Brentnall Beard, Dewhurst and Partner.

Finals: Marston Thompson and Evershed, Thorn Electrical, Town and City Properties, Turnbull Scott Shipping.

FUTURE DATES

Interims—	
Bibby (J.)	Aug. 8
Dreamland Electrical	Aug. 15
Habit Precision Engineering	July 18
Rentokil	Aug. 2
"Shell" Transport	Aug. 1
South African Land	July 19
Southvaal	July 19
Vaal Reefs	July 19
Western Deep	July 19
Finals—	
Allied Colloids	July 17
Benlox	July 19
Bromsgrove Castings	Aug. 1
Initial Services	July 20
Lynton	July 20
Sheffield Refreshment Houses	July 24
Wheeler's Restaurants	July 24

United Gas tops £2.5m

MOST OF the companies in United Gas Industries traded satisfactorily in the year ended April 1, 1979 and the group reports an improvement in pre-tax profits from £2.04m to £2.52m on turnover of £45.4m, against £45.8m.

First half profits had jumped from £766,000 to £1.01m and the directors said the second half year had started satisfactorily—it was hoped the improvement would continue.

Earnings per 25p share are stated at 15.2p against 12.4p and 12.8p (10.4p) fully diluted. The final dividend is 3.395p lifting the year's total from 3.67p to 4.5005p.

Measurement and control equipment contributed £1.07m (£0.27m) to profit before tax and loan interest, domestic appliances, £1.11m (£1.01m) and bellows and other activities, £0.73m (£0.55m). The German subsidiary sold in May 1978 contributed £0.61m in that year.

The directors say the results also reflect the substantial improvement arising from the reorganisation of the UK thermostat companies. However, the Camborne company which had been making substantial losses has been closed down.

The Board has provided for an extraordinary loss of £500,000 which should cover not only the cost of severance payments, but also the writing-off of certain fixed assets and the settlement of contractual liabilities.

	52 weeks 1978/79 £000	1977/78 £000
Sales	45,454	45,811
Profit	2,914	2,439
Loan interest	393	400
Profit before tax	2,521	2,039
Tax	637	600
Extraord. debit	388	1,035
From reserves	388	1,035
Available	1,884	1,439
Pref. dividends	90	90
Attributable ord.	1,794	1,349
Ord. dividends	532	437
To reserves	1,262	912

The extraordinary items comprise the £500,000 provision for estimated loss less £112,000 surplus on redemption of debenture and loan stocks.

● comment

The figure from United Gas Industries reflect a company which has faced great difficulties over the past few years, but which is nevertheless recovering. UGI sold its German subsidiary in 1978 and suffered a loss of more than £1m. This year, it has closed down its thermostat company in Camborne, presenting an extraordinary loss of about £500,000. The absence of German sales accounts for the small decline (under 1 per cent) in group turnover. But the company's UK activities have increased and pre-tax profits are up overall by about 24 per cent. The dividend has been lifted, giving a yield of 8.5 per cent. The p/e is 5.8 at 77p.

Assam Trading expects decline to £1.44m

THE DIRECTORS of Assam Trading (Holdings) estimate that profits in the year to March 31, 1979, will be £1.44m. Last year's surplus is restated at £2.9m.

The results represent almost entirely the company's participation in McLeod Russel and Co., profits of which are expected to be £1.48m (£2.91m).

Tax is estimated at £1.31m (£2.25m). Share of the associated company's extraordinary debit is £28,000, after tax, against £395,000 credit. Stated earnings are likely to be cut from 104.44p to 18.93p, excluding extraordinary items.

After the repayment of outstanding loans and providing 17,640 for dividends to "A" stockholders, the directors expect to make a payment of 10p (7.5p) on the "B" stock.

No dividend at Attock Petroleum

In a circular on the sale of Attock Oil shares, chairman of Attock Petroleum, says that no dividend will be declared for year to June 30, 1979, although the disposal will add some £120,000 to pre-tax earnings in a full year.

Writing off cost of unsuccessful exploration ventures while merely capitalising cost of successful ventures which may have values, in terms of oil and gas reserves, well above cost will in accounting terms tend to depress earnings in the short term without giving immediate financial recognition to success the company may achieve, he adds.

Watson & Philip falls at midway

The haulage strike and strikes in the oil related business affected Watson and Philip, foodstuff distributors, in the first half to April 27, 1979. But trading in recent months has been ahead of the corresponding period last year, says the board.

The taxable surplus fell from £427,000 to £400,000 at midway on turnover virtually static at £32.3m, against £32.1m.

Tax for the half year takes £208,000 (£222,000) and stated earnings per 10p share are 2.3p (2.4p). The interim dividend is raised from 0.8521p to 1p net. Last year's total was 2.714p.

Second half downturn at BB & EA

TAXABLE PROFITS of British Building and Engineering Appliances slipped from £136,000 to £128,000 in the second six months ended March 31, 1979, to leave the full year total at £291,964, compared with £260,185. Sales rose from £2.18m to £2.68m.

First-half profits were up 32 per cent on sales of £1.36m (£1.06m). The directors then said that turnover had continued at a higher level and the full year figures were expected to maintain this improvement.

The final dividend of 1.9p net steps up the total payment from 2.6812p to 3.1p per 25p share.

Net profits for the year rose from £123,796 to £165,858, after a tax charge of £126,146 (£136,389).

The company is engaged in the manufacture, sale, supply and hiring out of scaffolding, steel formwork and other items of non-mechanical building equipment and plant.

ROWTON HOTELS

Rowton Hotels intends to pay an increased interim dividend of 3.15p net—a 15 per cent rise—for the year to December 31, 1979. Last year's total payment was 6.935p net.

BIDS AND DEALS

Burnett and Hallamshire in complex Mincorp deal

Burnett and Hallamshire, the opencast coalmining and construction group, is substantially extending its mining reserves, through its expected bid for **Mining Investment Corporation.**

The complex deal involves Mr. Alan Ferguson, one of Mincorp's directors, and the holder of 38 per cent of its equity, injecting his other coal mining and land interests into Mincrop for only £20,000.

Burnett will then bid around 95½p per share for Mincorp by way of a share-only offer, which has already been accepted by holders of 57 per cent of Mincorp including Mr. Ferguson.

The share offer in turn is conditional upon the enfranchisement of Burnett's existing "A" shares and a 1-for-15 scrip to ordinary shareholders by way of compensation.

Following this, Mincorp's shareholders—largely directors and institutions—will be offered 1 new ordinary Burnett share for every 4 Mincorp, valuing Mincorp at around £11.5m.

Mincorp—which at present owns surface land and coal mining concessions primarily in the UK, plus a few abroad—made profits of £399,000 in the year to last September, followed by £403,000 in the six months to March. It is forecasting at least £800,000 for the full year.

However, the key to the takeover is the increase in its assets once it has absorbed Mr. Ferguson's interests. These include 116 acres of surface land with *outline permission for* coal extraction and with estimated reserves of at least 500,000 tons of coal; a drift mine operating as Wedgwood Colliery; and rights to mine "substantial quantities of coal in the Forest of Dean."

Mr. Ferguson's problem has been the difficulty of obtaining full planning permission for the extraction of coal from these land-holdings—his companies do not have full contracting licences from the National Coal Board while Burnett does.

He said yesterday that this led him to believe the most sensible conclusion was to amalgamate with a larger group with such rights. Burnett, for its part, is acquiring assets which *will prove more accessible* in its hands and could theoretically, therefore, increase by more than 2¼ times their stated book value.

Mr. Ferguson's private company, *Temple Investment*, will end up with 15 per cent of the enlarged group if the offer goes through.

Burnett is being advised by Brown Shipley which has obtained Stock Exchange permission for the shares to be restored this morning. Offer documents, which will contain details of the expanded asset base, cannot be expected before the end of August by which time substantial property and geological valuations will have been completed. Mincorp's advisers are Robert Fleming.

Burnett's shareholders are also being offered a third interim dividend of 3.29p (there will be no final) which will establish a fully taxed dividend cover of not more than five—a level which will be adhered to in future years.

Tootal buys Bradgate Textiles

Tootal, the textile group, is buying 75 per cent of **Bradgate Textiles**, the manufacturer of household textile products and car seat covers, in a deal worth £2.25m.

Tootal has the option to pay *in cash or through the issue of* its fully paid ordinary shares.

Under the terms of the deal Tootal has the option to buy the remaining 25 per cent on the basis of a formula related to future profitability of the company. It intends to exercise an option in respect of 16 per cent in 1982, and the balance *later*.

Bradgate's pre-tax profit for the year to April 19, 1979, was £705,000 (after an exceptional provision of £92,000).

Tootal plans to expand and develop the company.

LTA ACQUIRES 5% STAKE IN BATH & PORTLAND

LTA, South African building and construction group controlled by Anglo American Corporation, is expanding its international network of partnerships through acquisition of a 5 per cent stake in UK construction company **Bath and Portland Group.**

The 800,000 shares being acquired by LTA are at a price of 75p.

Over the next three years, there are provisions for LTA to increase its holding in Bath and Portland to a maximum of 21 per cent at prices ranging from 75 pence to 150 pence.

In addition, LTA is guaranteeing a £3m medium-term loan facility secured by certain Bath *and Portland assets.*

Boustead paying £2.1m for trailer-maker

Boustead has *conditionally* agreed to buy the whole of the capital of King Truck Equipment from **King Truck Engineering** of Canada.

Consideration is £2.1m, payable on completion, to be satisfied by the issue of 5m new shares of Boustead, plus £387,500 in cash.

Further cash payments could add an extra £500,000 to the price by 1981 if Equipment's profits reach £1.5m by then.

Arrangements have been made for the new shares to be placed *with institutional and other* investors at 34½p per share on completion of the acquisition. *This is expected immediately* after Boustead's EGM on July 30.

KTE manufactures heavy duty, low-loader trailers and specialised utility vehicles for the *domestic and export markets.* Profits before tax for the 1978 year were £636,000, and the net asset value was £926,000.

In the circular to shareholders Boustead forecast profits *before* tax, minority interests and exchange adjustments of about £2.85m in the 1979 year. This includes £350,000 for five months' post-acquisition trading of KTE. In 1978, taxable profits reached £2.32m (£1.89m).

D. F. BEVAN BUYS TRINITY CUTTING

D. F. Bevan (Holdings) is to buy Trinity Cutting and Welding Services.

The initial cost will be £300,000 in cash and the issue to Trinity of ordinary Bevan shares with a total market value of £150,000.

If the profits before tax of Trinity exceed £100,000 in the appropriate periods, a deferred cash consideration is payable.

On *or before* August 31, 1980 a sum equivalent to one-third of the amount by which the profits of Trinity for the 15-month period ending March 31, 1980 exceed £100,000:

On or before August 31, 1981 one-third of the amount by which the profits of Trinity for year ending March 31, 1981 exceed £100,000.

On or before August 31, 1982 one-third of the amount by which 75 per cent of the profits of Trinity for the year ending March 31, 1982 exceed £100,000.

At March 31, 1979 the net tangible assets of Trinity were £211,000 and in the 15 months ended March 31, 1979 the profit before tax amounted to £178,000.

Trinity sells and services welding and cutting equipment and provides welding consultancy services.

Aurora offer for Edgar Allen goes unconditional

Aurora Holding's bid for **Edgar Allen Balfour** has now only to face the possibility of reference to the Monopolies Commission. Yesterday Aurora's advisers, N. M. Rothschild, announced that the bid had gone unconditional as far as acceptances are concerned.

By Wednesday's closing date *for the cash offer*, sufficient acceptances had been received to swell Aurora's existing 30 per cent stake to 74.6 per cent. Virtually the whole of the acceptances have been of the cash offer rather than of Aurora's shares but Rothschild points out that those who intend to accept the shares were not under pressure to accept by Wednesday.

The Office of Fair Trading is now considering the bid and should make its decision on whether to refer the merger to the Monopolies Commission by *the end of next week.* The key issues in its decision will be the hotly-contested claims as to whether imports will increase or decrease as a result and what level of redundancies will result from rationalisation.

Meanwhile, underwriting costs of the bid amount to £12,000 each week the OFT continues its deliberations.

ARMSTRONG EQUIPMENT

Acceptances received by **Armstrong Equipment** in response to its bid for **Jenks and Cattell** amount to 69,419 Jenks ordinary shares.

Armstrong now holds, or has acceptances, in respect of 769,083 *shares (34.96 per cent). The offer* is extended for seven days to July 19, 1979. If the offer has not become unconditional by that time, it will lapse.

Kitchen Queen–Moben

Kitchen Queen Group, the *furniture retailer and manufacturer*, is to acquire **Moben Home Improvements** in a deal which will lead to the consideration being paid in instalments.

The main terms are £1m payable on completion of the deal, and another £1m payable six months after completion.

A maximum of 6m Kitchen Queen shares are to be issued to the vendors on the basis of net pre-tax profits of Moben being not less than £1.5m for the year to 1980.

Two directors of Moben, Mr. L. D. Morris and Mr. J. A. Bentham are to join the Board of Kitchen Queen and will be offered service agreements at a salary each of £25,000, subject to cost of living variations and expiring on October 31, 1983.

Net assets of Moben at August 31, 1979, are expected to be about £750,000, and net profits before tax for the five months ending August 31, 1979, £400,000.

The **Kitchen Queen Group** offer for **Knott Mill Holdings** has been accepted in respect of 3,138,467 shares (90.97 per cent). The *offer remains open;* balance to be acquired compulsorily.

BANK RETURN

	Wednesday July 11 1979	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	25,398,432	− 1,342,922
Special Deposits	98,305,000	− 642,407,000
Bankers Deposits	430,398,633	− 45,570,603
Reserves & other Accounts	605,148,147	+ 45,969,869
	1,173,703,212	− 643,413,656
ASSETS		
Government Securities	644,540,215	− 470,324,999
Advances & Other Accounts	215,318,440	− 182,419,629
Premises Equipment & Other Secs.	310,077,692	+ 24,320,462
Notes	3,556,730	− 15,008,718
Coin	210,235	+ 19,228
	1,173,703,212	− 643,413,656
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,450,000,000	+ 125,000,000
In Circulation	9,446,443,270	+ 140,008,718
In Banking Department	3,556,730	− 15,008,718
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,130,638,103	+ 85,773,227
Other Securities	1,308,346,797	+ 39,226,773
	9,450,000,000	+ 125,000,000

BROOKE TOOL/ BROADBENT MACHINE

Brooke Tool Engineering is to spend £805,010 on buying **Broadbent Machine Tools**, a profitable subsidiary of Hartle Machinery International which is in receivership.

The deal involves a cash payment of £325,947 plus the issue of 1m shares in Brooke Tool worth, on yesterday's market price, 50p per share. The share issue represents 15 per cent of Brooke's present issued capital. The majority of the shares have already been placed with institutional clients of Savory Milln.

Broadbent makes heavy duty and oil country lathes and made a trading *profit* of £183,000 *in* the year to last June.

Brooke Tool believes it will increase its specialist machine tools business, already augmented this year by the acquisition of Marsh Brothers from Samuel *Osborn, and Strongs British* Predision Tools.

Three days ago, Charter Consolidated, acting for itself and Central Mining Finance, picked up a 22.9 per cent stake in *Brooke*. The shares are believed to have come from the 24.45 per cent stake sold by Birmingham Midland Counties Trust a week previously. BMCT, a private company owned by Mr. *Graham* Ferguson Lacey, acquired the bulk of his stake in December from Menteith Investment.

THOMAS FRENCH LINDUSTRIES

Lindustries says agreement has been reached for Thomas French and Son to buy the narrow fabrics manufacturing business of the Lindustries subsidiary, E. B. Hamel and Son, of Tamworth, Staffordshire.

The total cost will be £432,251.

Thomas French, which makes *and supplies* curtain suspension and narrow fabric products, intends to continue marketing the Hamel's range of narrow fabric products.

BTR/BESTOBELL

BTR, the rubber, plastics and engineering group, is planning to increase its total dividend for the year by *37 per cent.* The details are revealed in the group's formal offer document to shareholders of Bestobell, the company which it is trying to take over in a deal worth £26m.

BTR tells Bestobell shareholders that taking into account current profit trends "and subject to no significant alteration in general economic conditions, including the absence of any material changes in the major foreign exchange rates," it is the present intention of the board of BTR to recommend total net dividends for the year 1979 of not less than 10p net per share (1978: 7.3p).

BTR stresses that its offer of *200p per share provides an* increase in the capital value *on* Bestobell shares of 17.6 per cent.

It adds: "the offer price is *higher than the net asset value"* of Bestobell shares, even before discounting the material assets of Bestobell located in Zimbabwe Rhodesia and Zambia.

Explaining the reason for the offer BTR tells Bestobell shareholders that "as long ago as May 1973, BTR expressed to your board an interest in a merger with Bestobell. We considered then as we do now, that the businesses of our companies were suitably complementary and that a merger would provide opportunities for developing our mutual interests in fluids engineering and other engineering products."

Bestobell directors said yesterday that the 200p offer "will be strenuously resisted." A further announcement is due shortly.

BURROUGH TO BUY ELSENHAM

The Board of **James Burrough**, distiller of Beefeater Gin and Borzoi Vodka, has reached agreement in principle to acquire *Elsenham Quality Foods* for a sum of £1.9m.

The acquisition is conditional on certain Revenue clearances which it is anticipated will be received within six weeks.

The management of Elsenham has approved the terms and it has been agreed that they will remain with the company. Elsenham manufactures premium quality preserves, condiments and patum peperium.

MINING NEWS

BRGM gets 28% stake in Tenke

BY KENNETH MARSTON, MINING EDITOR

THE FRENCH state-owned **Bureau de Recherches Geologiques et Minieres** (BRGM) says that it has acquired **Amoco Minerals'** 28 per cent interest in the big Tenke Fungurume copper project in Zaire.

This raises the BRGM stake to 34.4 per cent. The other shareholders are: the Zairean Government 20 per cent, **Charter Consolidated** 28 per cent, **Mitsui** 14 per cent, **Tempelsman** and **Sons** 3 per cent and **Omnimines** 0.6 per cent.

BRGM says that a change in the structure of Tenke Fungurume is being examined and that studies will be made to define a new project. Apart from copper, the attraction these days of Tenke Fungurume is its cobalt content.

Over the years some $280m (£126m) has been expended on the venture which was expected to require in all some $800m-plus. But the difficulty of raising such funds for a project in Zaire was mainly responsible for the decision to put the venture on ice in January, 1976.

Subsequently, it was hoped to go ahead on a smaller scale than that originally intended which aimed at an annual production of 130,000 tonnes of copper. But political considerations coupled with the weakness of copper prices have so far put paid to these hopes. And in 1978 Charter wrote off the remaining balance of its investment in Tenke Fungurume.

There is no doubt that the deposit—ore reserves were last put at 51m tonnes with a high copper content of 5.7 per cent—is very attractive. In 1977 the Anglo American Corporation chairman, *Mr. Harry* Oppenheimer, described it as "the major undeveloped high grade copper orebody in the world today."

It remains, however, a classic case of a fine deposit in the wrong area. BRGM may well feel that the time has come to reactivate the project, initially on a modest scale with the accent on cobalt production, but this could still present formidable financing hurdles.

Oaky Creek coming right for Houston

Houston Oil and Minerals Australia has answered critics of its controversial A$200m (£101m) *Oaky Creek coking coal* mine in central Queensland with the news that it had signed its first "heads of agreement"—with a large European steel pro*ducer, reports* John Rogers from Sydney.

The contract is with **Hoogovens Delfstoffen** of the Netherlands. The company, which is a subsidiary of the Estel group, also intends to take a 10 per cent interest in the mine.

Finalisation of the contract is expected within the next few months. The agreement is for the delivery of *500,000 tonnes* of coking coal for eight years, beginning in 1981. Australian coal prices are around A$45 a tonne.

Houston directors said that negotiations were at an advanced stage with other steel mills for the sale of the balance of the estimated output at Oaky Creek of 2m tonnes a year.

The initial breakthrough on contracts comes after nearly a year of scepticism surrounding the project, which has evolved despite the absence of contracts *or local equity support.*

In January, Houston's only local partner, R. W. Miller, pulled out of the project. Other Australian companies, both miners and institutional inves*tors, have been approached in* the interim, but all considered the project too risky without the support of coal contracts, primarily from the country's biggest customer, Japan.

Houston has pushed on alone, construction of the first dragline at the Oaky Creek site has started. Other construction work, however, was being delayed pending finalisation of coal export shipping arrangements.

This represents another problem for Houston as it is dependent on the Queensland Government giving the go ahead for a second coal loader terminal at Hay Point, already the site of Utah Mining's export business.

Houston directors were reluctant to *discuss equity arrangements* yesterday, although they commented that there was a limit to the amount of foreign capital that could be injected into the project.

Possibly this first sign of a foreign order will induce some Australian investment, particularly as several other projects in the general area are stuck on the drawing board through lack of contracts.

Uganda's cobalt hope

UGANDA IS considering applications from companies in Europe and North America to extract an estimated 14,000 tons of cobalt, worth over $700m (£315m) from more than 1m tons of pyrite tailings stockpiled near the State-owned Kilembe copper mine, reports our correspondent from Kampala.

Annual world production of this strategic metal, used in the aerospace industry, is 17-18 tons a year. However 60-70 per cent of supplies come from the politically unstable Shaba province of Zaire. The producer price of cobalt, which has risen *sharply over the past two years,* is $25 per pound, while the free market price is higher.

The tailings, which according to analysis have a 1.4 per cent cobalt content, have been accumulating at the concentrator at Kasese in western Uganda for the past 25 years. Considerable interest in the cobalt has been expressed by companies in Europe, Britain, Canada, the U.S. and Scandinavia.

The Uganda Government is considering two schemes: either to ship the tailings to another country for processing, or to build its own plant in Kasese. Western diplomats anticipate that the Government will take at least a 51 per cent interest in a joint venture with a private company.

ALLNATT DEAL COMPLETED

The directors of **Babcock and Wilcox** say the acquisition of **Allnatt** of Downsview, Ontario has been completed.

The consideration of C$16.9m is financed by an unsecured medium term Canadian dollar bank loan.

EMAP BUYS PUBLISHER

The directors of **East Midland Allied Press** announce the purchase of 95 *per cent of the* capital of **Melton Mowbray Times Co.**, publishers of the Melton Times and the Syston Times, for £190,300.

This will consist of £28,030 *cash and an issue of 300,490* "A" ordinary shares, which will not rank for the proposed one-for-three capitalisation issue.

The offer remains open to purchase the balance of the share capital on the same terms.

SHARE STAKES

Staveley Industries—R. E. Brown, director, on July 11 sold 20,000 shares.

Phicom—R. J. F. Howard, director, on July 10 bought 20,000 shares at 35p and on July 11 *bought 25,000 at 35½p.*

Rentokil Group—Trustees of the K. G. Anker-Petersen Will Trust have sold 428,150 shares to Sophus Berendsen A/S—this *raises interest of Sophus to 55.5* per cent.

United Engineering Industries—C. Boardman, chairman, on July 10, sold 75,000 shares for £97,690, *and now owns* 183,450.

London Scottish Finance Corporation—Goseford Financial Management acquired further 25,000 shares on July 5, making holding 1,870,530 (*23.8 per cent*).

Berry Trust—R. Berry, chairman, has as trustee disposed of 30,225 shares at 70p.

Costain Group—J. P. Sowden, director, has disposed of 20,000 shares in which he had an

ASSOCIATES DEAL

Hoare Govett has bought 90,000 Wellman Engineering Corporation shares at 63p on behalf of Redman Heenan International.

NORTH AMERICAN NEWS

Quarterly profits decline at IBM

BY OUR FINANCIAL STAFF

THE WORLD computer monarch, International Business Machines (IBM), upset Wall Street yesterday by reporting a modest downturn in earnings in the second quarter. On the news that earnings had slipped by 3.4 per cent to $667.5m, or from $1.19 a share to $1.15, the price of the shares fell to a new low for the year of $70¼.

By contrast, Burroughs Corporation reported a sharp rise in second quarter earnings.

For the first half of the year, IBM's earnings show a gain of 4.2 per cent at $1.3bn, or from $2.19 to $2.29 a share.

Sales continue to rise. The second quarter brought a 9 per cent gain in sales at $5.35bn, which left the first half total at $10.65bn, some 14 per cent above the comparable figure.

The company referred to record levels of incoming orders, shipment and backlog. "This strong customer demand requires increasing investment in resources and rental equipment. Accordingly the company has undertaken discussions with a number of U.S. banks to establish lines of credit of up to $1.5bn to meet this demand," said the company. At the 1978 year end, long term debt at IBM was a mere 2 per cent of shareholders' funds.

Mr. Frank T. Cary, the chairman, said shipments for the second quarter and the six-month period were substantially ahead of 1978.

However, in the second quarter there has been an increase in the proportion of customer decisions to lease rather than purchase, resulting in a lower rate of growth in gross income from purchase than in recent periods."

Meanwhile Burroughs reported a 20 per cent jump in second quarter net earnings to $68.4m, taking the total for the first six months to $111.1m against $91m at the end of the same period last year.

Group revenue in the three months to June 30 rose 16 per cent to $688.5m and the total for the six months was $1.3bn compared with $1.1bn a year ago. According to Mr. Cam Stark Burroughs' treasurer, the revenue growth was spurred by a 19 per cent jump in net sales and an 11 per cent increase in rentals. For the first half, rentals rose 13 per cent while net sales were up 19 per cent.

Bid go-ahead for Eastern Air Lines

By Michael Donne, Aerospace Correspondent

EASTERN AIR LINES of the U.S. has formally become the third contestant in the fight to win control of National Airlines, another major U.S. international and domestic operator.

Earlier this week, the Civil Aeronautics Board, the governing body of U.S. civil aviation, granted Pan American, as well as Texas International Airlines, approval to buy up to 25 per cent each of National stock, to be put into a non-voting trust pending final settlement of the takeover battle.

Yesterday, the CAB also voted to allow Eastern to enter the fight, and to buy—if it can—up to 25 per cent of the National stock, also to go into a non-voting trust.

Thus, the future ownership of National is being left to the market place. Pan Am's offer of $50 a share has already been accepted by National's Board and shareholders, but a bidding contest for the remaining National shares between Pan Am, Eastern and TXIA could raise that figure.

Royal Bank of Canada move

MONTREAL—The Royal Bank of Canada plans to move most of its U.S. operations to New York from Montreal within the next few months, to strengthen its position in the U.S.

About 10 executives in the bank's U.S. division, ranging from vice-president to support staff, would be affected.

The step was part of a decentralisation programme that had been under way at the bank for several years. The bank relocated its European operations in London, in 1972. It sees the U.S. as its leading international market.

The Royal Bank recently opened its first branch in the U.S., in Portland, Oregon, and has more than half a dozen representative offices in the U.S. It plans to open two more representatives offices, in Denver and Pittsburgh, later this month.

A move of its Caribbean and Latin American operations to Miami, from Montreal, is being considered.

AP-DJ

Huyck joins NVF suit

WAKE FOREST — Huyck Corporation said it has filed a motion to intervene as a plaintiff in a suit against NVF Company, Security Management Corporation, and Mr. Victor Posner.

The suit, filed yesterday by the North Carolina Secretary of State and Attorney General in the superior court of Wake County, Raleigh, alleges that NVF, Security Management, and Mr. Posner failed to comply with the North Carolina Tender Offer Disclosure Act in connection with their recent purchases of Huyck Stock.

Huyck said the suit seeks a preliminary injunction until the defendants comply with the act. The hearing on the request is scheduled for August 13.

According to a recent filing with the SEC the parties own about 6.8 per cent of the outstanding stock of Huyck.

Mr. Posner is chairman of Security Management nad NVF. Security Management owns 38.7 per cent of NVF.

Agencies

Uranium suits hit Westinghouse

BY OUR FINANCIAL STAFF

DESPITE a sharp rise in operating income during the second quarter, Westinghouse Electric ended with a net loss of $79.1m, or 91 cents a share, as a result of the settlement of four lawsuits on uranium supply contracts.

Actual operating income of Westinghouse, the leading manufacturer of nuclear power equipment in the U.S. and number two in the electrical sector, jumped by 21.5 per cent to $90.9m, or $1.06 a share, from $74.81m, or 86 cents.

Apart from the rise in margins—quarterly sales gained 11.8 per cent to $1.9bn—Westinghouse also attributed the improvement to higher income from "other sources" and a lower tax rate. Broadcasting operations produced a lower return, but gains were shown in all other major activities.

The uranium settlements cost the group just under $170m, equivalent to $1.97 a share, and Westinghouse said it had now settled 10 of the 17 original uranium supply contract suits brought by utilities in 1975. These 10 suits acount for more than 55 per cent of the total uranium originally claimed by the utilities.

Included among the recent settlements are suits brought by the Swedish State Power Board, Virginia Electric and Power, and the Tennessee Valley Authority. Westinghouse's auditors qualified their opinion of its 1978 acounts subject to the resolution of the uncertainties caused by the suits.

At the halfway stage, operating earnings of the group were more than 23 per cent ahead at $174.13m, or $2.02 a share. This compared with $141.05m, or $1.62 per share, in the same period of 1978. The rise in sales was also slightly more marked over the full six months, with a 15.6 per cent improvement to $3.7bn.

Excluding any charges relating to the uranium suits, analysts reckon with earnings of around $4 a share for the whole of 1979 against $3.59 last year, before special charges of 78 cents, and $3.10 in 1977. The litigation burden has dampened the dividend outlook, however, while the uncertain future for generation equipment has also weakened prospects for Westinghouse's power systems group, last year accounting for over a third of sales and 27 per cent of profits.

Growth at Crown Zellerbach

SAN FANCISCO — Crown Zellerbach Corporation's second quarter and first half results rose over last year and the forest products concern expects the second half to equal or exceed the comparable second half, said Mr. C. R. Dahl, chairman and chief executive officer.

"This will mean we'll have a good year," Mr. Dahl said. Crown Zellerbach had net income of $2.07 a share in last year's second half. "We expect to equal or better that." If that occurs, Crown Zellerbach should easily exceed last year's $4.39 a share.

In the June quarter, net income increased by about 15 per cent to some $45m or $1.75 a share from the 1978 quarter net of $39m or $1.53 a share. The quarter's sales improved almost 10 per cent to about $714m from $650.5m.

For the first half, net was about $66m or $2.60 a share, a 12 per cent gain over the 1978 first half net of $59.3m or $2.32 a share. Sales showed almost an 8 per cent improvement to about $1.34bn from $1.24bn a year earlier.

Major contributors to the improved performances were the timber and wood products operations, and international businesses, Mr. Dahl said. Canadian operations were especially strong.

"As we look ahead we have to be somewhat concerned about the second half, particularly in our timber and wood products business." Housing starts are beginning to fall and Crown Zellerbach expects them to end up at about 1.4m units this year, down substantially from the 2m or so units started last year.

Another area of concern going into the second half is the container business which is sensitive to moves in the economy, said Mr. Dahl.

"While these are areas of possible weakness, we still expect that the remainder of our businesses will be strong in the second half—pulp paper newsprint converting papers etc.," he concluded.

AP-DJ

UPI sees major improvement

NEW YORK — United Press International (UPI), the second largest U.S. news service, is continuing to struggle against its larger, financially stronger rival, Associated Press, and against increased competition from other sources that is costing it newspaper clients.

UPI had a deficit of $2.5m in 1978 and has had a total loss of $17m since 1961, its most recent profitable year.

UPI officials insist that they have remedies for their problems and that they can count on continued support from E. W. Scripps, which owns 95 per cent of UPI.

Problems — financial and otherwise — are nothing new for UPI, but some recent trends have exacerbated them. For one thing, many large and medium-size newspapers, which in the past have taken both wire services, now are saving money by dropping one. And that one is usually UPI.

Only about 19 per cent of the 1,756 daily newspapers in the U.S. continue to use both AP and UPI, compared with 25 per cent a decade ago.

Some newspapers believe that the money once used to pay for both AP and UPI is better spent on hiring local reporters. Others prefer to spent the money on the so-called supplemental news services such as those from the Washington Post, Los Angeles Times, The New York Times, and Knight-Ridder.

Mr. Roderick W. Beaton, president and chief operating officer of UPI, insists that his news service soon will "make a major shift for the better." UPI sees signs that its number of daily newspaper clients is stablising, and it plans to increase revenue by selling its news report to home computers, cable television and colleges. UPI is seeking to reduce expenses by switching distribution to communications satellites from leased telephone lines.

There is also speculation that UPI will seek to broaden its ownership. Unlike AP, a co-operative that assesses its members for extra costs at the end of each year, UPI has depended on E. W. Scripps, a newspaper chain 80 per cent owned by a family trust. Hearst Corporation holds the 5 per cent of UPI not held by E. W. Scripps.

UPI is attempting to persuade some clients to sign contracts under the higher rates of a new pricing guide. At one large metropolitan newspaper, for instance, UPI is paid $2,600 a week for delivering the same services that would cost $5,000 from AP.

Agencies

New York banks show gains

BY OUR NEW YORK STAFF

TWO NEW YORK banks have reported that higher earning assets helped them to improve their second quarter performance.

J. P. Morgan, the parent company of Morgan Guaranty, reported income before securities transactions of $69.8m on $1.72 a share, up from $61.3m on $1.51 in the same quarter last year. The bank said the increase came from a rise in interest earning assets of $5.1bn to $30.3bn which more than offset the decline in their net yield, from 2.82 per cent to 2.75 per cent.

Marine Midland, based in Buffalo, New York, nearly doubled its income, from $5.5m on 44 cents a share to $10.5m on 84 cents. According to Mr. Edward Duffy, chairman, this was achieved mainly "by increasing average earning assets by $1.5bn and decreasing the provision for loan losses by $2.9m. Loan charge-offs were also reduced in the quarter, reflecting improvement in the quality of our loan portfolio."

Marine Midland is at present negotiating a merger with the Hongkong and Shanghai Bank aimed at strengthening its capital position. However, the Bank's better financial health recently prompted Hongkong and Shanghai to improve the terms of the deal.

Colgate up despite currency losses

By Our Financial Staff

COLGATE-PALMOLIVE, the world wide cosmetics group, has pushed earnings ahead by 5.5 per cent in the first half of this year. Total net income for the six months has risen from $84.6m to $89.3m, or from $1.03 to $1.09 a share. Sales, at $2.35bn have maintained the 13 per cent rate of increase recorded since the beginning of the financial year.

In the second quarter, the rise in net earnings dipped to 4 per cent at $50.5m but the company said that foreign currency translations brought a "significant" currency loss against a similar gain in the 1978 quarter. Share earnings increased from 59 cents to 62 cents in the second quarter.

Mr. Keith Crane, the president and chief executive said that the sales rise in the first half of the year reflected both higher selling prices and also volume increases.

A further modest increase in earnings over the full year has been predicted by stock market analysts, with a share net of $3.20 against $2.15 quoted.

But these forecasts were based upon a slower pace of sales gain than now reported. Some doubts were indicated by brokers regarding profit margins, which were suffering in the past few years by a lacklustre performance at the Helena Rubenstein subsidiary.

In February this year, Colgate disclosed that it was discussing with L'Oreal of Paris the possible sale of Helena Rubenstein, but the talks were ended before terms were opened. Since then, Colgate has said that Rubenstein is not currently for sale but may be in the future.

Overseas sales account for around 56 per cent of Colgate sales and 63 per cent of profits. The bulk of both come from the laundry, cleaning, personal care, and leisure product divisions.

Sharp gain at National Bank of Georgia

By Our Financial Staff

NATIONAL BANK of Georgia, the bank headed by Mr. Bert Lance, who resigned as U.S. Director of the Budget in 1977, has recorded a sharp increase in earnings in the first half of this year. For the six-month period, operating net income rose by 80 per cent to $851,000 or 84 cents a share.

The current net total is adjusted to $824,000 or 67 cents a share after a securities loss of $60,000 and tax benefit of $33,000. Last year's total is adjusted to $642,000 or 51 cents after a securities loss of $10,000 and accounting method adjustment of $181,000.

In the second quarter, operating net of $413,000 compared with $312,000 previously.

The current quarter becomes $426,000 after a tax benefit of $13,000, while the previous total adjusts to $201,000 after a securities loss of $11,000.

Exxon wins Reliance

NEW YORK—Exxon Corporation has received some 90 per cent of Reliance Electric Company's common stock, and 58 per cent of its series "A" preferred, as of the close of business on Wednesday.

Some 14.3m shares of common and 112,000 shares of preferred had been tendered to Exxon's wholly-owned subsidiary Enco.

Amounts included certain shares which required further documentation and shares tendered under guaranteed delivery procedures.

The company has extended its tender offer for Reliance to today.

Reuter

Gulf Oil rejection

Gulf Oil Corporation said it rejected Oasis Petrol Energy Corporation's bid for its west coast assets, reports Reuter. But it expects to sell the properties to an unnamed party in the near future.

EUROBONDS

Deutsche Bank launches $100m issue for Statoil

BY FRANCIS GHILES

THE FIRST dollar-denominated public bond issue for Statoil, the Norwegian oil company, was launched yesterday by Deutsche Bank. Terms of this $100m issue include a maturity of ten years and an indicated coupon of 9¾ per cent. The bonds, which have an average life of eight years, are expected to be priced at par and are guaranteed by the Kingdom of Norway.

Activity in the dollar sector was very low with most prices between ¼ and ½ of a point easier on the day.

The future of the tender system used by the European Investment Bank to launch its latest public Eurobond issue was at the centre of much speculation among international banks yesterday.

The three successful bidders for this issue were Citicorp, which was allotted $50m worth of bonds, and Samuel Montagu and Algemene Bank Nederland which were each allotted $25m.

All three banks bid alone. Citicorp put in more than one bid, all for $25m, at a price of 98.06 or above (the other terms of this issue include a coupon of 9.70 per cent and a maturity of 10 years). Interestingly, however, the U.S. bank was also part of a syndicate headed by Salomon Brothers which is understood to have put in a bid for $75m worth of bonds at a price well below 98.

The terms of the invitation telex sent out by the EIB were sufficiently vague to allow banks to play the tender game as they wished: that is, put in bids for $25m or multiples of that figure, participate in more than one syndicate or, as Citicorp decided, bid on their own and as part of a syndicate.

Some banks are hoping that if the tender system spreads in the Eurobond market, bidding practices can be codified to some extent. The Swiss system of syndicates, in which there are established groups of banks to which one or two ad hoc members can be added, is viewed as a more realistic aim than the U.S. domestic bond market system under which syndicates are more rigid

U.S. oil groups lift spending

SAN FRANCISCO — Both Standard Oil Company of California (SOCAL) and Phillips Petroleum Company said they will increase their 1979 capital and exploratory expenditures for 1979.

SOCAL's spending will rise by $400m to $2.3bn with the outlay on oil and gas exploration up to $730m from $480m. Of the increase 70 per cent is to be in the U.S. Development and production expenditures will be raised to more than $850m from $745m, with 66 per cent of the increase going to domestic projects.

The company said it will give special attention to energy conservation projects, acceleration of its shale oil programmes, and research and development of synthetic fuels.

SOCAL's 1979 total is more than double the company's net earnings for last year, and a 35 per cent increase over 1979 expenditures.

Earnings and cash flow during the first part of this year exceeded earlier forecasts and this, along with improved economic incentives, enables increased investment in energy development SOCAL added. The company said this high level of expenditure may however require some limited outside financing.

Phillips has increased its 1979 capital authorisation budget for petroleum operations in the U.S. by $257m after increasing its budget for U.S. petroleum expolration and development, by $100m.

The latest increase is for petroleum refining and transportation in the U.S. Together the two increases result in a 90 per cent rise in funds budgeted for U.S. petroleum programmes this year.

Phillips' total budget for U.S. energy related capital authorisation was about $650m before the latest increase.

AP-DJ

Whirlpool suffers earnings slide

BY OUR FINANCIAL STAFF

EARNINGS of Whirlpool Corporation, the U.S. domestic appliance and air conditioning equipment group, slid by more than 19 per cent in the second quarter to $27.8m, or 77 cents a share, from $34.4m, or 95 cents.

While unit shipments showed a moderate decline from the strong level of last year's first half, Mr. John Platts, the chairman, said that retail demand had remained firm. Inventories were also continuing at levels consistent with current orders.

For the whole of the first half, Whirlpool reported net income of $54.3m, or $1.50 per share, down from the $59.6m, or $1.65, earned during the same period of last year. Sales totalled $1.12bn against $1.1bn; for the second quarter alone, they were down to $611.63m from $619.14m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	98¾	99¾	0	+0¼	10.08
Alex Howden XW 9½ 91	30	83½	84¼	+0¼	−1½	12.07
Avco O/S Cap. 10½ 87	40	97½	98	0	−0⅛	10.87
Bayer Int. F. XW 7¼ 89	200	84	84½	−0⅛	−0⅝	9.88
CECA 9⅞ 84-99	50	96	96½	+0⅛	0	9.82
Canada 9 83	400	98⅝	98⅞	−0⅛	−0⅛	9.61
Canada 9¾ 98	350	98⅝	99⅞	−0⅛	−0⅞	9.82
Canadian Pacific 9¾ 89	50	98½	98⅞	0	−0⅛	9.97
Comalco Inv. E. 10½ 91	40	99¼	99¾	0	0	10.32
Dominion Bridge 10¼ 84	30	99½	100	0	0	10.31
Dow Chem. O/S 9¾ 94	200	98⅝	98⅞	0	−0⅛	9.81
EIB 9⅞ 86	150	98¼	98¾	−0¼	−0½	9.98
EIB 9⅞ 99	100	99⅞	100⅜	−0¼	−1	10.10
EIB 9⅞ 87	150	100¼	101	−0¼	−0⅛	9.97
EIB 10 99	150	100¼	100⅞	−1⅛	−1¼	10.17
Export Dv. Cpn. 9.85 84	150	100⅛	101⅛	−0⅛	−0⅛	9.76
Export Dv. Cpn. 9¾ 84	100	97⅝	97⅞	−0⅛	−0⅛	9.89
Eksportfinans 9 86	50	96⅛	96⅝	0	−0⅛	9.79
Finland 9½ 86	100	97⅝	98⅛	0	+0⅛	9.90
GTE Finance 9½ 84	50	97⅝	98⅛	+0⅛	+0⅛	10.07
GTE Finance 9¾ 89	55	96¼	97	0	+0⅛	10.28
Gen. Motors Acc. 9⅜ 86	100	98⅛	98⅝	0	+0⅛	9.58
Gould Int. Fin. 9¾ 85	50	99	99½	+0⅛	0	9.90
Hoechst Fin. XW 6¾ 89	125	80½	81	0	0	9.87
Hospital O/S 9 83	25	96½	96⅞	−0½	−0⅛	10.01
Hudson Bay Co. 10 94	50	100⅛	100⅝	+0⅛	+0⅛	9.94
Itel Finance 9⅞ 90	30	†88	88½	0	−1	11.67
Itel Finance 10½ 93	40	†88	89½	0	−1	12.13
ITT Antilles 9½ 89	75	96⅝	97⅛	0	−0⅛	10.00
Kennecott Int. 9½ 86	100	96⅝	96⅞	0	−0⅛	10.22
Manitoba 9¼ 89	75	97	97½	−0⅛	−0⅛	9.94
Nat. Dev. Telecm. 9½ 86	100	98¼	98⅝	−0⅛	−0⅛	9.80
New Brunswick 9¾ 84	75	97½	97⅞	−0⅛	−0⅛	10.09
Newfoundland 10 94	50	99½	100	0	−0⅛	10.02
Norsk Hydro 9⅝ 94	50	95½	96	+0⅛	0	9.80
Norway 9⅞ 84	150	100⅛	100⅝	−0⅛	−0⅛	9.84
Norway 9½ 84	150	98⅝	99⅛	0	−0⅛	9.79
Nova Scotia Pwr. 9¾ 89	50	98½	98⅞	0	0	10.01
Occidental Fin. 10¼ 84	50	99⅝	100⅛	0	+0⅛	10.27
Orient Leasing 9½ 86	25	†96½	96⅞	−0⅛	−0⅛	10.22
Pennwalt O/S F. 9⅜ 84	25	98⅝	99⅛	0	+0⅛	9.97
Portland 10 84	50	97⅜	97⅞	0	0	10.64
Quebec Hydro 10 99	75	96⅝	97⅛	+0⅛	+0⅛	10.37
Redland Fin. XW 9½ 91	25	91¾	92⅛	−0¼	−0⅛	10.72
Sears Roebuck 9 82	150	98⅛	98⅝	0	+0⅛	9.58
Stockholm 9¾ 94	50	99⅞	100⅜	−0⅛	−0⅛	9.97
Sweden 9⅜ 89	100	99	99½	−0⅛	−0⅛	9.86
Sweden 9½ 88	200	99⅛	99⅝	−0⅛	−0⅛	9.85
Unilever NV 9¾ 87	100	97	97½	0	−0⅛	9.76

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6½ 87	70	93¼	94	−0⅛	−0⅛	6.60
Argentina 6½ 88	150	88⅝	89⅛	−0⅛	−0⅛	8.21
Argentina 7½ 89	150	93½	94	−0⅛	−0⅛	8.45
Austria 5¾ 90	150	88⅝	89⅛	+0⅛	−0⅛	7.20
Banco Desarrollo 7¾ 86	100	94⅞	94⅞	−0⅛	−1⅛	[illegible]
Barclays O'seas 6¾ 89	100	96⅞	97⅜	0	−0⅞	7.18
Bq. Ext. Algerie 7¾ 85	100	94⅞	95⅛	+0⅛	−0⅛	8.23
Brazil 7¾ 87	150	95⅛	95⅝	−0⅛	−0⅛	7.88
CECA 6 88	100	90½	91⅛	+0⅛	+0⅛	7.38
CECA 7 91	100	97⅛	97⅝	+0⅛	−0⅛	7.32
Copenhagen City 6 90	75	88⅛	89⅛	−0⅛	+0⅛	7.45
Council of Eur. 6¾ 88	130	92⅛	93⅛	+0⅛	+0⅛	7.25
Council of Eur. 7¼ 89	100	98⅛	98⅝	0	−0⅛	7.47
Denmark 5¾ 85	100	94	94½	0	+0⅛	7.00
Denmark 6½ 89	100	93⅞	94⅛	+0⅛	+0⅛	7.37
EIB 6½ 91	200	93⅝	93⅞	+0⅛	+0⅛	7.33
EIB 7½ 89	200	100⅛	100⅞	+0⅛	−0⅛	7.40
Eletrobras-Brazil 7 87	100	94	94½	0	−2½	8.03
Eurofima 6½ 89	100	93⅞	99	+0⅛	0	6.89
Finland 6 83	150	97⅞	98⅜	−0⅛	−0⅛	6.46
Indonesia 7 84	100	94⅞	95⅜	−0⅛	−1⅛	8.20
Mogal Fin. 7 89	150	96⅞	97⅜	−0⅛	−1⅛	7.40
Mitsubishi Chem. 6½ 84	70	99⅝	100⅛	−0⅛	−0⅛	6.49
New Zealand 6¾ 87	200	95⅞	96⅛	−0⅛	−0⅛	6.86
Nippon Kokan 6½ 84	100	99¼	100	+0⅛	−0⅛	6.58
Nippon Tel. & T. 5½ 87	100	91⅞	92⅛	+0⅛	−0⅛	6.89
Nordic Inv. Bk. 6¾ 88	60	94⅞	95⅛	0	−0⅛	7.33
Norges Komm. 7¾ 91	150	100⅞	100⅞	0	−0⅛	7.65
Norway 6¼ 84	200	100⅛	101	+0⅛	+0⅛	6.08
Occidental 6¾ 90	100	93⅛	[illegible]	−0⅛	−0⅛	7.63
OKB 6½ 88	100	96⅝	96⅞	0	0	7.01
OKB 6 87	40	91⅞	92⅛	0	+0⅛	7.36
Tokyo Elec. Pwr. 6½ 85	200	97⅞	97⅞	0	−0⅛	7.03
Venezuela 6½ 90	150	89⅛	89⅞	0	0	7.93
World Bank 6¾ 88	400	92	92⅞	+0⅛	−0⅛	7.42

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3¾ 93	40	92¾	93¼	−0⅛	+0⅞	4.15
Asian Dev. Bank 3½ 94	100	85	85¾	0	+0⅛	4.95
Aumar 5 89	60	101½	101⅞	+0⅛	+0⅛	4.82
Austria 3½ 93	100	90¾	91	+0⅛	+1⅛	4.36
Australia 3¾ 89	250	95⅝	95⅞	0	+0⅛	4.23
Brazil 4½ 88	100	95½	95¾	+0⅛	+2⅛	4.84
Canada 3¾ 89	300	95⅝	95⅞	+0⅛	+0⅛	4.17
Council of Eur. 4¾ 90	100	96⅞	97¼	+0⅛	+1⅛	4.81
EIB 4½ 91	100	99⅞	100⅛	+0⅛	+1⅛	4.50
Heron 4¾ 89	35	93⅞	93⅞	+0⅛	+0⅛	5.15
ICI Fin. NV 3¾ 94	230	91	91½	−0⅛	+0⅛	4.32
Malaysia 4¾ 90	80	96	96¾	+0⅛	+0⅛	5.18
New Zealand 3½ 94	120	91⅞	92⅛	+0⅛	+1⅛	4.25
OKB 3¾ 91	100	91⅞	91⅞	−0⅛	0	4.74
Pfand Ost. Landa 4 90	60	94⅞	94⅞	0	+0⅛	4.63
Philippines 4¾ 89	50	88⅞	89⅛	+0⅛	0	5.22
Sandvik 4 90	85	96⅛	96⅝	+0⅛	+1⅛	4.40
Spain 4 91	100	94⅛	94⅝	−0⅛	+0⅛	4.62
Steweag 4¾ 91	60	102⅛	102⅝	+0⅛	+1⅛	4.48
Voest-Alpine 4¾ 89	80	104	104½	+0⅛	+1	4.21
World Bank 4¾ 89	100	104⅛	104⅞	+0⅛	+1½	4.06

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅝ 88	15	85⅞	86⅞	0	−0⅛	7.89
Australia 5.6 83	30	93⅞	94⅞	0	+1⅛	7.38
Australia 6⅞ 88	20	89⅛	90⅛	0	+0⅛	8.17
Finland 5.6 83	10	91⅛	92⅛	0	+0⅛	8.02
Finland 6.8 88	10	80½	81½	0	0	8.40

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95½	96½	0	−0⅛	9.98
Avco Fin. 10¾ 86 CS	25	96½	98⅛	+0⅛	−0⅛	10.96
Ex. Dev. Cpn. 10 84 CS	50	99⅛	99⅝	0	+0⅛	10.15
Fst. Can. Inv. 10 84 CS	50	98⅞	99⅛	0	+0⅛	10.22
Hudson Bay 10½ 89 CS	60	99⅝	100⅛	0	0	10.51
Quebec 10¼ 86 CS	50	97½	98	−0⅛	−0⅛	10.71
R. Bk. Canada 10 86 CS	40	99⅞	100⅛	0	−0⅛	9.98
R. Bk. Canada 10 84 CS	40	98¼	98¾	0	−0⅛	10.47
Copenhagen 8¼ 91 EUA	25	97½	98	0	+0⅛	8.47
Komm. Inst. 7½ 93 EUA	15	94¼	95½	−0⅛	−0⅛	8.11
Panama 8½ 93 EUA	20	93⅞	94½	0	−0⅛	8.99
SOFTE 8¾ 89 EUA	40	95½	97	0	−0⅛	8.61
Algemene Bk. 6½ 83 Fl	75	91⅞	92⅛	−0⅛	−0⅛	8.82
CFE Mexico 7½ 83 Fl	75	83⅞	84½	−0⅛	+0⅛	9.60
EIB 7¾ 85 Fl	75	90½	91⅛	−0⅛	−0⅛	8.20
Ned. Middbk. 8¾ 84 Fl	75	97⅞	98⅛	−0⅛	+0⅛	8.77
New Zealand 8¾ 84 Fl	75	†90¼	91⅛	0	+0⅛	9.04
Norway 8¾ 84 Fl	100	96⅞	97⅛	−0⅛	−0⅛	8.04
Elf Aquitaine 9¾ 88 FFr	150	92	93	0	−2⅛	11.05
EIB 9¾ 88 FFr	200	90½	91⅛	−1⅛	−4⅛	11.36
Euratom 9¾ 87 FFr	150	92	93	0	−3⅛	11.22
Norway 9¾ 84 FFr	200	92⅛	93⅛	−1⅛	−2⅛	11.21
PSA Peugeot 9¾ 87 FFr	175	91½	92½	−0⅛	−3⅛	11.36
Saint-Gobain 9¾ 86 FFr	130	92½	93⅛	−0⅛	−2⅛	11.31
Solvay et Cie 9¾ 87 FFr	125	91½	92⅛	−0⅛	−3⅛	11.28
Total Oil 9¾ 87 FFr	150	90½	91¼	−1⅛	−3⅛	11.21
Unilever 10 85 FFr	100	96½	97½	0	−1	10.73
Citicorp 10 93 £	20	92⅞	93½	0	+0⅛	10.98
EIB 9¾ 88 £	25	90¼	91	+0⅛	−0⅛	11.50
EIB 11¾ 91 £	25	95½	96	+0⅛	−0⅛	12.19
Finance for Ind. 13 91 £	15	103⅞	104⅞	0	−0⅛	12.31
Fin. for Ind. 12½ 89 £	20	100⅛	100⅞	+0⅛	+0⅛	12.43
Gen. Elec. Co. 12¼ 89 £	50	101⅛	101⅞	−0⅛	−0⅛	12.22
Euratom 8 87 LuxFr	500	96½	97½	0	−1⅛	8.60
Norges Km. 8 88 LuxFr	500	96	97	0	+0⅛	8.64
Oslo, City of 8 88 LuxFr	500	97½	98½	−0⅛	−0⅛	8.36
Solvay Fin. 8 85 LuxFr	500	96	97	+0⅛	−0⅛	8.73
Swedish Bk. 8 88 LuxFr	500	†95¾	96¾	0	0	8.69

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arlg Fin. Co. M5.5 89	0¼	98⅝	99⅛	11/1	11	11.13
BNDE M6 89	0¼	97	97½	21/9	11¾	11.42
Banco di Roma M6 87	0¼	98½	98⅞	26/10	11.19	11.34
Bco. Nac. Argent. 7 88	0¾	97⅛	97⅝	22/8	11½	11.78
Banco Prov. BA M7⅛ 86	0¾	96⅞	99	12/6	11	11.15
Banco Urquijo 6 86	0¼	97⅞	98⅛	21/9	11½	11.72
Bank of Tokyo M5⅛ 93	0¼	98⅞	99⅛	18/10	11⅛	11.85
Bq. Ext. d'Alg. M7.5 85	0¾	95⅛	96⅛	2/11	11⅞	12.42
BNP 5½ 91	0¼	98⅞	98⅞	22/2	11¾	11.53
Citicorp O/S Fin. M6 94	‡0¼	99½	100	5/9	10.69	10.71
Creditanstalt M5¾ 91	‡0¼	98¼	[illegible]	14/9	10¾	11.04
Gotabanken M6 88	0¼	98⅞	99⅛	15/5	11½	11.65
Ind. Bk. Japan M5¾ 85	0¼	99⅞	99⅞	1/12	10.94	10.98
Jyoskebank M8 89	0¼	95⅛	96⅛	23/11	11¾	12.35
LTCB Japan M5¾ 85	0¼	99½	100	9/10	11⅛	11.65
LTCB Japan M5¾ 89	0¼	99	99½	7/12	11⅛	11.21
Leumi Int. Inv. M6 88	0¼	98⅞	99⅛	26/6	—	—
Mfrs. Han. O/S M5¾ 94	‡0¼	99⅛	99⅝	23/8	11.18	11.26
Nat. West. M5¾ 94	0¼	98½	99	11/10	11	[illegible]
Nipp. Crdt. Bk. M5.5 85	0¼	99⅛	99⅞	22/12	10.94	[illegible]
OKB M5¾ 88	0¼	99⅛	99⅞	18/10	11.44	[illegible]
Petro Mexicano M7 84	0¼	99⅞	99⅞	24/7	12.06	[illegible]
Privredna Banka M8 86	0⅞	95⅞	96⅛	20/12	11.58	[illegible]
Scoenal M5¾ 89	0¼	99⅛	99⅞	13/7	—	—
Sundsvallsbnkn. M6 85	0¼	99⅛	99⅞	4/10	11.08	11.25
Texas Int. Air M7 86	0¼	96⅞	96⅞	11/10	11.56	11.97
TVO Pwr. M9 91 (D-L)	0¼	97⅛	97⅞	24/11	11⅛	11.35
Utd. Overs'ks Bk. M6 89	0¼	97⅛	98⅛	29/9	11.14	11.38
Bq. d'Alg. M4.25 89 SF	0⅝	97½	98	18/12	4¾	4.35

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7½ 89	10/79	174	95	96	−0⅛	0.11
Ciba-Geigy O/S F. 4 94	9/79	675	93¼	94	+0⅛	−45.92
Coca-Cola Bottling 6½	4/79	9	85⅛	86⅛	−0⅛	14.67
Credit Suisse 4½ 93	10/78	1326	103	103⅝	+0½	2.78
Esselte 7½ 89	9/79	153	96⅛	96⅞	0	3.49
Honda Motor 5½ 89	5/79	532	†94⅛	95⅛	−1½	6.56
LPC Internatnl. 8 89	9/79	35	104⅛	105½	−0⅛	5.68
Nitto Elec. Ind. 6 94	7/79	735	84⅛	85⅛	−0⅛	3.27
Novo Industri 7 89	4/79	259	88	88⅛	−0⅛	3.23
Asahi Optical 3½ DM	12/78	588	80⅛	81⅛	−0⅛	21.19
Fujitsu 5 84 DM	7/79	475	98⅛	99	−0⅛	27.70
Jusco 3½ 86 DM	1/79	1154	80⅛	81⅛	−0⅛	33.55
Kansai Elec. 4 84 DM	4/79	1350	87⅛	88⅛	−0⅛	28.05
Konishiroku 3½ 85 DM	1/79	612	82⅛	83⅛	−0⅛	25.82
Marudai Food 3½ DM	2/79	1033	80⅛	81⅛	+0⅛	45.52
Nippon Ysn. 3½ 85 DM	1/79	251	119⅛	120⅛	+0⅛	0.52
Nissan Diesl. 3½ 86 DM	2/79	477	86⅛	87⅛	−0⅛	11.20
Olmyp. Opt. 3½ 85 DM	2/79	703	87⅛	88⅛	−0⅛	3.15
Sharp Con. 3½ 88 DM	2/79	487	85⅛	86⅛	−0⅛	18.62
Stanley Elec. 3½ DM	11/78	623	†88	89	−0⅛	65.31
Tokyo Elec. 3½ 87 DM	4/79	476	†82⅛	83⅛	−1⅛	32.70
Tokyo Ld. Cp. 4 86 DM	4/79	493	†83⅛	84⅛	−0⅛	23.73
Trio-Knwd. 3½ 86 DM	11/78	711	78⅛	79⅛	−0⅛	43.84

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

ABBOTT LABORATORIES	1979	1978
Second quarter	$	$
Revenue	417m	363m
Net profits	44.1m	36.2m
Net per share	0.73	0.61
Six months		
Revenue	792m	696m
Net profits	82.8m	68.1m
Net per share	1.37	1.14

AKZONA	1979	1978
Second quarter	$	$
Revenue	237.6m	211.8m
Net profits	5.03m	4.8m
Net per share	0.41	0.39
Six months		
Revenue	497.7m	438.1m
Net profits	14.35m	12.02m
Net per share	1.17	0.97

BAXTER TRAVENOL LABORATORIES	1979	1978
Second quarter	$	$
Revenue	296.5m	241.3m
Net profits	29.22m	23.48m
Net per share	0.79	0.64
Six months		
Revenue	571.4m	468.4m
Net profits	54.92m	44.26m
Net per share	1.49	1.22

CBS	1979	1978
Second quarter	$	$
Net profits	65.8m	59.3m
Net per share	2.37	2.14
Six months		
Net profits	83.6m	93.1m
Net per share	3.01	3.36

DIAMOND INTERNATIONAL	1979	1978
Second quarter	$	$
Revenue	298.8m	255.3m
Net profits	15.8m	12.4m
Net per share	1.18	0.97
Six months		
Revenue	571.5m	486.5m
Net profits	29.1m	20.5m
Net per share	2.16	1.60

FIRST INTERNATIONAL BANKSHARES	1979	1978
Second quarter	$	$
Net profits	23.9m	19.7m
Net per share	1.17	0.98
Six months		
Net profits	45.9m	38.2m
Net per share	2.32	1.93

FIRST NAT. BOSTON	1979	1978
Second quarter	$	$
Net profits	20.8m	15.2m
Net per share	1.69	1.24
Six months		
Net profits	40.8m	29.7m
Net per share	3.31	2.42

FLINTKOTE	1979	1978
Second quarter	$	$
Revenue	228.4m	199.3m
Net profits	16.12m	12.32m
Net per share	2.26	1.74
Six months		
Revenue	373.5m	322.8m
Net profits	21.66m	13.74m
Net per share	3.03	1.93

GENERAL ELECTRIC	1979	1978
Second quarter	$	$
Revenue	5.64bn	4.96bn
Net profits	382.1m	319.4m
Net per share	1.69	1.40
Six months		
Revenue	10.72bn	9.41bn
Net profits	685.5m	567.2m
Net per share	3.02	2.49

IMPERIAL CORPN. OF AMERICA	1979	1978
Second quarter	$	$
Revenue	141.0m	120.0m
Net profits	18.3m	17.3m
Net per share	1.29	1.25
Six months		
Revenue	275.0m	234.0m
Net profits	35.2m	32.3m
Net per share	2.49	2.34

KAISER ALUMINIUM & CHEMICAL	1979	1978
Second quarter	$	$
Revenue	803.3m	678.8m
Net profits	59.6m	52.8m
Net per share	1.46	1.31
Six months		
Revenue	1.51bn	1.23bn
Net profits	115.5m	77.3m
Net per share	2.84	1.61

MARINE CORPORATION	1979	1978
Second quarter	$	$
Net profits	2.97m	2.48m
Net per share	1.60	1.33
Six months		
Net profits	5.69m	4.73m
Net per share	3.05	2.54

NATIONAL DETROIT	1979	1978
Second quarter	$	$
Net profits	17.72m	15.69m
Net per share	1.39	1.22
Six months		
Net profits	36.92m	30.83m
Net per share	2.90	2.38

OWENS-CORNING FIBERGLAS	1979	1978
Second quarter	$	$
Revenue	525.1m	448.7m
Net profits	17.2m	31.1m
Net per share	0.57	1.03
Six months		
Revenue	1bn	843.6m
Net profits	49.5m	62.7m
Net per share	1.63	2.07

OWENS-ILLINOIS	1979	1978
Second quarter	$	$
Revenue	879.2m	814.4m
Net profits	47.3m	42.9m
Net per share	1.63	1.48
Six months		
Revenue	1.70bn	1.51bn
Net profits	65.3m	52.1m
Net per share	2.23	1.77

RAYTHEON	1979	1978
Second quarter	$	$
Revenue	960.6m	834.4m
Net profits	51.05m	38.98m
Net per share	1.63	1.26
Six months		
Revenue	1.86bn	1.6bn
Net profits	94.04m	71.59m
Net per share	3.01	2.31

SAFEWAY STORES	1979	1978
Second quarter	$	$
Revenue	3.13bn	2.92bn
Net profits	42.5m	41.3m
Net per share	1.63	1.58
Six months		
Revenue	6.16bn	5.73bn
Net profits	66.6m	66.5m
Net per share	2.51	2.55

TELEDYNE	1979	1978
Second quarter	$	$
Revenue	689.2m	621.4m
Net profits	88.05m	65.81m
Net per share	6.54	4.65
Six months		
Revenue	1.35bn	1.20bn
Net profits	174.75m	118.47m
Net per share	12.94	8.33

TEXAS COMMERCE BANK	1979	1978
Second quarter	$	$
Net profits	19.9m	15.2m
Net per share	1.38	1.14
Six months		
Net profits	39.3m	29.9m
Net per share	2.73	2.24

TEXAS OIL AND GAS	1979	1978
Third quarter	$	$
Revenue	252.2m	175.2m
Net profits	25.0m	21.1m
Net per share	1.15	0.97
Nine months		
Revenue	643.2m	538.7m
Net profits	67.3m	58.0m
Net per share	3.11	2.68

German mail order house ahead of budget

By Guy Hawtin in Frankfurt

EUROPE'S largest mail order organisation, the Schickedanz group, saw profits exceed expectations last year. Although sales increased by only 1.8 per cent, the domestic operation's net profits went up 11 per cent.

Schickedanz therefore has managed to consolidate the gains made in the year ended January 31, 1978, when the management exploited the group's diamond jubilee to expand sales and earnings. Earlier doubts about its ability to maintain the momentum during 1978-79 have thus been proved ill-founded.

Group sales last year increased from DM 7.35bn to DM 7.44bn ($4.7bn). Of this, some DM 6.57bn was generated by the group's domestic operations, the 1977-78 sales of which amounted to DM 6.45bn. The Quelle, the main order business which accounts for about 85 per cent of group turnover, saw sales rise by 2.5 per cent, the management said.

Net profits of the domestic operation rose from DM 102m to DM 121m, while earnings on sales before tax and interest payments remained at an unchanged 2.8 per cent.

Capital investment, at DM 73m for the domestic operations, was down from DM 88m. This year the group as a whole is planning investment at around DM 107m compared with total of DM 138m in 1978-79.

Frau Grete Schickedanz, the group's chief executive, said sales during the first half of the current year were well within plan, showing a 5.3 per cent increase. But she declined to make predictions on the course of the second half, saying that the energy crisis and related price rises made forecasts impossible.

It was also difficult to assess the effects of increased value added tax or the 2 per cent price increases the group had been forced by rising prices to include in the current autumn/winter catalogue.

GENERALE OCCIDENTALE

Profits hampered by tighter margins

BY TERRY DODSWORTH IN PARIS

AN INCREASED dividend is being proposed for shareholders in Generale Occidentale, Sir James Goldsmith's French-based foods and distribution group, after a nine-month accounting period which saw profits emerge at FFr 80.3m ($18.9m) after tax.

The change in the accounting period, which meant closing the books at the end of last March, was announced at the beginning of this year as part of the wide-ranging reorganisation of the group which has been pushed through in the past year.

This has included the absorption of Generale Alimentaire, the French foods group, into the Generale Occidentale master companies. Generale Alimentaire was previously controlled by Cavenham, the UK-based arm of the GO operations.

In addition GO has more recently concluded a deal which gives CGE, the large French electrical group, and one of France's biggest industrial concerns, a stake of about 8 per cent in the foods group.

The results indicate a tightening of margins in the group during the past nine months. Against a consolidated group turnover which was only marginally reduced at FF 14.08bn compared with FF 14.09bn for the previous 12 month period, net profits were FF 80.3m, compared with FF 102.4m.

Non consolidated parent company profits were FF 31.8m against FF 41.2m. Dividends are being lifted from FF10.50 to 12 a share.

GO has also revalued its assets during the financial period, throwing up a surplus of FF 821m of which FF 588m, all of it relating to property, is being retained. Industrial installations are being ignored for the purposes of the revaluation, which takes capital funds to a total of FF 1.3bn against FF 689m.

* * *

THE FRAGMENTED pharmaceutical cosmetics interests of Elf Aquitaine, the French nationalised oil company, are being regrouped under a single organisation to strengthen research and overseas marketing efforts.

This restructuring will be effected by a share exchange agreement, which will bring about the absorption of the various Elf companies in the sector into Sanofi, the wholly-owned Elf subsidiary.

The three companies being linked with Sanofi, which will simultaneously seek a quotation on the Paris stock exchange, are all to some extent under its wing already. It holds 73 per cent of Labaz, 58.8 per cent of Parcor, and 100 per cent of Galor.

Austrian steelmaker hopes for further reduction in losses

BY PAUL LENDVAI IN VIENNA

VOEST-ALPINE the nationalised steelmaker which is Austria's largest industrial concern turned in sharply reduced losses last year and expects a further improvement in 1979.

Voest's net losses came down from Sch 849m to Sch 697m ($52m) with cash flow increasing from Sch 775m to Sch 1.4bn. This year said chairman Herr Heribert Apfalter losses should be cut further to between Sch 150m and Sch 300m though he warned about the impact of higher fuel costs and the coming pay round.

Turnover of the group last year went up by 3.6 per cent to Sch46.7bn. Output of pig iron was up slightly from 3m tons to 3.1m tons, that of crude steel from 3.8m to 4.1m tons and that of rolled products from 2.9m to 3.1m tons.

This year the board reckons with group turnover of over Sch50bn; for the parent company it hopes for Sch.30bn. Currently, Voest is engaged in talks about contracts worth some Sch 20bn, with a third likely to be concluded this year. The board foresees major new orders coming chiefly from the Middle East, Venezuela and East Germany.

Despite the favourable performance of the heavy engineering sector, the results could not offset the losses in the special steel sector. Taking the parent company alone, turnover was 6.2 per cent higher at Sch 29.1bn. Exports remained healthy, with a 64 per cent share of total turnover, a slight drop from the 66 per cent of 1977. The European Community and Comecon together accounted for 73 per cent of the foreign sales.

The company has reported success in its transition from steel production to engineering and the erection of turnkey plants. Five years ago, the share of steel and semi-finished products accounted for 80 per cent of the turnover, but this has now dropped to 60-63 per cent with the more profitable engineering branch steadily increasing its share in the sales total.

Investments last year jumped from Sch 1.6bn in 1977 to Sch 2.3bn. Continuing the trend towards diversification, talks are in progress with various electronics, plastics and trade companies. The trading arm, Voest-Alpine-Intertrading, dealing primarily with compensation and switch deals and set up last year, is expected to have a 1979 turnover of Sch 800m. It has outlets in Berlin, Caracas, New York and Saudi Arabia.

Voest has already acquired or is negotiating about holdings in raw material resources and mines in the Philippines, Gabon and Brazil.

Go-ahead for French aerospace merger

By Our Paris Staff

THE FRENCH Government's long-cherished aim of bringing together its holdings in Aerospatiale and Dassault, the country's two big aerospace companies, is to be steam-rollered through by government decree after being twice rejected by parliament.

The project, announced two years ago, ran into opposition on the grounds that the Government's overall strategy and ordering policy for the industry were not clear enough. But the turnaround in the fortunes of the heavy loss-making Aerospatiale, which may either break even or make a profit this year, has effectively choked off opposition to the new organisation.

Under the plan, a new management organisation, SOGEPA, is to be created to take over some of the government's controlling stake in Aerospatiale and the 20 per cent it owns in Dassault. The Dassault shares, which were bought recently and which have double voting rights, will effectively give SOGEPA control of the group because of the rule which allows a blocking minority for votes representing 33 per cent of a company's capital.

The government's explanation of SOGEPA's creation is that it falls in with its policy of rationalising the aerospace industry. The idea is to prevent competition between the two groups of the kind which occurred from time to time in the 1960s, and which is felt to have weakened their competitive position in overseas markets.

With the creation of this new structure, all the main elements of the French aerospace industry will be under some form of state control. The overall strategy appears to be to encourage Aerospatiale's development in the field of large civil airliner construction, like the Airbus, while Dassault will continue to concentrate on military and executive aircraft. Engine manufacturing remains mainly grouped under SNECMA.

Zanussi hit by weak demand

BY OUR FINANCIAL STAFF

ANOTHER year of lower profits is forecast for 1979 by Industrie Zanussi the Italian domestic appliance manufacturer which is the largest in Europe.

Addressing shareholders at the annual meeting chairman Sig. Lamberto Mazza explained that the company had been badly hit by a combination of falling domestic demand strikes and soaring raw material costs.

Something like two-thirds of Zanussi's production centres on refrigerators and washing machines. In 1978 parent company net earnings fell by a full 36 per cent to L13.3bn ($16.2m).

Sig. Mazza said "It will be extremely difficult to achieve the same level of positive results this year as last year." The company was suffering from a serious fall-off in domestic demand, particularly for refrigerators. It recently announced the lay-off of 8,700 workers for 13 days beginning at the end of August. There was a 32-day lay-off at the beginning of the year.

Recent labour agitation linked to national wage contract negotiations has also hit Zanussi. Last week most of its main factories did not operate because of strikes and pickets which prevented entry of raw materials or exit of finished products.

Moreover, company officials do not expect the union activity to stop even with agreement on a national contract. They point to the fact that Zanussi will still have to negotiate a specific pact with its own unions along the lines set by the national accord. In addition, some unions hope to open a further round of negotiations for the entire home appliance sector.

As to costs, the company emphasises that these have risen sharply, particularly for plastics used for refrigerator insulation. Copper and steel costs have also climbed more rapidly than last year.

Despite the difficulties in its home markets, Zanussi has been pressing ahead with a strategy of international expansion. Last month the company signed a cooperation agreement with Hitachi of Japan.

The deal covers virtually the entire domestic appliance field, from TV and hi-fi equipment to cookers. The main agreement of the deal provides a framework for specific projects on both sides.

ETZ Lavud bounces out of the red

By Our Tel Aviv Correspondent

ETZ LAVUD, one of the few Israeli companies listed on the American Stock Exchange, reports a profit of I£40.9m ($2.2m) for 1978, compared with a loss of I£5.6m in the preceding year. Sales more than doubled, to over I£1bn. The company is engaged in a wide range of activities including the production of plywood and chipboard, the overhaul and repair of helicopters and civilian aircraft and truck and bus assembly.

Meantime, Assis and Bejerano Enterprises, one of the oldest and largest Israeli producers of fruit juices and extracts, fruit and vegetable preserves, reports that aftertax income rose to I£24.2m from I£9.9m. Sales at I£316m were up 41 per cent on 1977.

Turkish textile group in joint U.S. venture

BY METIN MUNIR IN ANKARA

PUTTING aside its traditionally hostile attitude towards foreign capital, the Turkish Government has begun to encourage local firms to enter into partnership with foreign trading companies in order to boost Turkish exports. The Sabanci group of Istanbul and A. J. Hollander of New York have just reached an agreement to enter into a joint trading venture.

Sabanci ranks 80th among the biggest companies outside the U.S., according to Fortune magazine's calculations, with a declared turnover of $1.12bn in 1978.

The Istanbul company will only export, giving priority to Sabanci products which include natural, artificial and synthetic fibre and yarn, textiles, plastic products, vegetable oil and margarine, cord fabric and tyres, aluminium, paper and cement. Sabanci's exports last year totalled $31.5m.

Mr. Ahmet Tufan Gul, the Sabanci executive in charge of the Holsa operation, said that the export target two years after the joint venture's formation would be $100m. If attained this would make Sabanci Turkey's biggest private exporter.

The partnership is awaiting government go-ahead. Turkish governments are traditionally unfriendly towards foreign capital. However, the recession, which is in its third year, appears to have led to a change of mind. Apart from encouraging joint trade ventures, Prime Minister Bulent Ecevit's government is preparing new legislation to ease the inflow of foreign capital investments.

Karstadt sales advance

By Our Financial Staff

LESS THAN a month after reporting a sharp drop in 1978 profits, Karstadt, the West German retailing group, reports a 15.1 per cent increase in turnover for the six months to June 30. Excluding new sales areas, however, the overall growth was only 3.9 per cent.

The problem in 1978 was not so much the sales performance but the digestion of Neckermann Versand, a Frankfurt-based store and mail order company acquired by Karstadt more than two years ago. The acquisition lifted selling space from 1.1m square metres to 1.2m square metres.

Brij Khindaria in Geneva reports on Europe's road transport industry

Fuel cost pressures begin to bite

THE PRESENT overcapacity in the market for trucks and commercial vehicles in Europe and the U.S. reflects a growing malaise in the road transport industry hit by fuel shortages as well as high petrol and diesel prices. So says the Geneva-based International Road Transport Union which, alarmed by what it sees as unfair moves against the road transport industry, has begun to fear for the industry's survival.

At the recent conference in Geneva the IRU circulated a report warning that "If road transport were to be brought to a standstill through lack of energy or because of increasingly impossible prices, the whole world economy could find itself paralysed, with all the social consequences which might well result."

The IRU pointed out that 90 to 100 per cent of food is delivered by lorry in Europe. About one-third of imports and exports also use road transport, which is particularly important between East and West Europe.

With recent technological developments which have cut the fuel consumption of lorries by as much as 40 per cent the road transport industry accounts for only 3 to 5 per cent of total oil consumption in European countries. This compares with the 60 to 75 per cent of total oil usage taken up by domestic heating and industry.

The energy efficiency of modern diesel lorries is about three times greater than that of a DC-9 aircraft and is even better than a thermo-electric power station using oil as a fuel, the IRU declared. But the diesel fuel used by road vehicles has a price, including taxes, about five times higher than that of the heavy oil used in thermo-electric power stations. This puts the road transport industry at a distinct disadvantage despite its energy efficiency. Such power stations also use nearly five times more petroleum products than the diesel oil used by all road vehicles.

Separate figures published by the Common Market Commission show that oil consumption for the production of electricity increased by about 20 per cent in the Community as a whole during the past two years. The 22 new power stations currently under construction will increase oil demand by 33m tonnes a year. In view of these figures, the IRU urges the moving away from oil-fuelled power stations to those using coal, thus leaving more oil available for industries which depend totally on petroleum products.

The IRU singles out multinational oil companies for criticism, accusing the oil industry of misusing the Rotterdam spot oil market to boost earnings. By using Rotterdam prices for international transactions between headquarters and their branches, the international oil companies have sold to consumers at "unjustifiably higher" prices than those paid to the oil exporting countries.

This was particularly easy in countries such as West Germany and Switzerland where oil product prices are not controlled by the government. The IRU estimates that since January, 1979 the Rotterdam market price has been between $100 and $200 per tonne higher than that charged by the crude oil exporting nations. On the basis of the average daily consumption in 1978, the oil companies have made additional profits as high as $50m per day in West Germany and $5m per day in Switzerland in this year's first quarter, it is explained.

Turning to the prospects for energy savings from within the transport industry itself, the IRU says that much could be achieved through a tightening-up of international standards on vehicle and axle weights. The drive axle weights envisaged by the Common Market Commission as a standard for the community "fail to take account of energy problems."

Notice of Mandatory Redemption

The Rural and Industries Bank of Western Australia ("the Bank")

A$30,000,000 6½ per cent. Guaranteed A$/DM Bonds due 1987

1. NOTICE IS HEREBY GIVEN pursuant to the provisions of the Trust Deed dated 10th August 1972 constituting the above Bonds, that A$3,000,000 nominal of the Bonds is due for mandatory redemption on 15th August 1979. Pursuant to Clause 5(B) of the Terms and Conditions Applicable to the Bonds, 1,300 Bonds have been purchased by the Bank and A$1,300,000 has been credited against the amount due for redemption.
2. The serial numbers of the Bonds drawn for redemption are as follows:—

6	1667	2726	4178	5958	7822	9271	10588	12322	13579	14923	16339	17743	19061	20509	21815	23372	24558	25807	27184	28359
8	1693	2748	4237	5989	7833	9276	10591	12325	13595	14960	16385	17758	19073	20514	21856	23377	24568	25840	27193	28388
15	1720	2760	4250	5990	7837	9282	10623	12350	13612	14965	16396	17803	19082	20515	21898	23381	24601	25846	27202	28411
17	1731	2763	4288	5998	7842	9286	10630	12355	13617	14994	16469	17809	19093	20518	21913	23392	24608	25847	27208	28416
24	1750	2804	4303	6000	7851	9303	10633	12367	13630	14996	16535	17811	19102	20529	21917	23407	24623	25858	27209	28443
64	1756	2806	4306	6022	7867	9304	10644	12403	13632	15001	16567	17813	19109	20537	21919	23410	24634	25886	27216	28449
76	1780	2809	4307	6143	7885	9312	10659	12406	13671	15003	16573	17827	19132	20565	21953	23424	24641	25913	27225	28459
81	1781	2828	4318	6151	7886	9337	10678	12428	13684	15005	16649	17832	19134	20571	22001	23436	24650	25918	27236	28496
82	1785	2847	4358	6172	7906	9344	10712	12436	13685	15015	16651	17837	19156	20572	22034	23459	24660	25922	27270	28497
97	1792	2880	4367	6180	7941	9352	10724	12437	13687	15042	16677	17844	19211	20613	22041	23475	24677	25923	27304	28503
118	1806	2886	4380	6181	7944	9383	10726	12489	13688	15044	16680	17848	19223	20633	22044	23483	24708	25929	27310	28545
120	1810	2913	4390	6185	7960	[illegible]	10755	12490	13707	15073	16705	17853	19288	20652	22056	23485	24714	25963	27323	28596
134	1822	2916	4458	6198	7986	9394	10757	12499	13759	15094	16722	17861	19292	20683	22061	23509	24755	25970	27334	28608
175	1865	2927	4469	6247	8022	9411	10771	12521	13762	15119	16729	17888	19307	20692	22063	23541	24773	25971	27343	28639
178	1868	2928	4496	6298	8028	9432	10786	12522	13781	15130	16743	17902	19330	20702	22067	23568	24776	26007	27345	28669
188	1871	2952	4502	6338	8045	9442	10787	12525	13798	15132	16750	17908	19362	20728	22068	23569	24785	26010	27391	28673
194	1889	2979	4524	6349	8054	9458	10810	12552	13800	15163	16807	17964	19381	20756	22116	23611	24797	26036	27406	28685
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234	1914	3032	4573	6518	8073	9479	10885	12612	13840	15204	16831	17987	19465	20810	22139	23677	24855	26096	27431	28767
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304	1933	3107	4588	6589	8095	9535	10963	12639	13879	15345	16858	18062	19503	20843	22187	23719	24867	26145	27467	28876
322	1978	3108	4630	6593	8099	9563	10993	12648	13890	15390	16870	18064	19508	20850	22203	23743	24880	26162	27499	28907
359	1999	3116	4645	6737	8106	9646	11006	12652	13908	15406	16885	18067	19512	20854	22217	23744	24881	26165	27520	28914
366	2039	3127	4675	6748	8127	9696	11013	12670	13909	15415	16888	18133	19524	20884	22218	23751	24895	26191	27539	28930
385	2067	3135	4678	6766	8131	9719	11069	12688	13947	15425	16894	18137	19531	20892	22234	23758	24898	26202	27546	28942
392	2072	3166	4693	6768	8132	9733	11082	12696	13977	15443	16909	18139	19540	20911	22247	23769	24905	26238	27554	29019
433	2078	3189	4700	6774	8133	9743	11093	12735	13993	15445	16912	18162	19563	20918	22254	23781	24911	26247	27564	29020
448	2093	3222	4745	6804	8137	9748	11096	12753	14001	15469	16926	18173	19575	20940	22257	23794	24951	26253	27573	29040
465	2103	3246	4760	6819	8145	9762	11114	12754	14005	15490	16958	18189	19587	20962	22269	23802	24976	26259	27580	29050
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495	2118	3294	4772	6863	8366	9797	11119	12761	14049	15545	16975	18229	19662	21004	22292	23811	24998	26284	27622	29068
539	2130	3299	4778	6864	8367	9839	11134	12767	14063	15547	16986	18247	19674	21016	22295	23812	25006	26293	27658	29086
572	2167	3302	4792	6871	8416	9854	11148	12775	14088	15565	17006	18249	19692	21026	22317	23821	25018	26300	27681	29103
603	2176	3311	4796	6874	8430	9879	11150	12805	14092	15575	17016	18258	19706	21047	22352	23825	25056	26308	27696	29106
667	2187	3343	4821	6902	8432	9888	11155	12815	14101	15585	17029	18291	19769	21058	22357	23841	25074	26316	27728	29123
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758	2244	3417	4851	6914	8456	9935	11269	12878	14175	15620	17087	18361	19851	21093	22424	23881	25129	26395	27754	29182
774	2247	3446	4874	6932	8494	9940	11272	12885	14192	15627	17093	18382	19860	21103	22485	23914	25149	26402	27769	29209
786	2253	3451	4884	6934	8523	9961	11281	12896	14205	15645	17101	18384	19864	21104	22487	23947	25162	26407	27774	29226
793	2256	3452	4897	6964	8524	9965	11434	12939	14216	15712	17136	18386	19867	21143	22569	23948	25177	26469	27778	29239
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1128	2381	3586	5042	7125	8748	10095	11750	13024	14377	15869	17190	18531	19960	21272	22743	24049	25304	26633	27870	29419
1131	2389	3595	5043	7131	8757	10101	11772	13071	14401	15870	17202	18547	19968	21280	22766	24084	25313	26673	27894	29424
1174	2406	3641	5082	7160	8781	10112	11776	13075	14414	15878	17222	18601	19982	21299	22793	24090	25326	26693	27905	29492
1210	2441	3689	5096	7170	8799	10144	11781	13080	14425	15931	17228	18611	19994	21305	22821	24104	25340	26713	27948	29500
1212	2446	3701	5103	7226	8842	10149	11789	13085	14444	15934	17253	18617	19998	21312	22844	24140	25361	26739	27958	29507
1217	2453	3722	5113	7231	8864	10151	11810	13113	14463	15945	17312	18626	20007	21320	22848	24149	25369	26745	27982	29523
1240	2476	3761	5116	7246	8879	10192	11817	13172	14471	15953	17352	18627	20012	21322	22857	24168	25389	26748	27985	29526
1251	2480	3773	5130	7262	8906	10198	11850	13191	14482	15980	17360	18646	20037	21341	22861	24173	25399	26768	28013	29541
1252	2499	3786	5131	7269	8919	10203	11888	13204	14485	16005	17375	18679	20060	21344	22871	24194	25439	26783	28029	29543
1290	2505	3869	5134	7278	8930	10207	11893	13207	14499	16020	17395	18718	20082	21382	22893	24215	25454	26791	28032	29548
1296	2521	3911	5174	7331	8936	10215	11898	13212	14554	16024	17419	18731	20088	21388	22910	24265	25465	26827	28039	29556
1320	2528	3912	5186	7342	8944	10220	11975	13214	14562	16029	17422	18741	20115	21405	22917	24271	25467	26829	28046	29563
1337	2529	3917	5221	7378	8948	10247	11990	13251	14566	16085	17425	18763	20135	21406	22919	24272	25505	26834	28052	29574
1342	2533	3922	5229	7396	8954	10252	11998	13256	14582	16089	17438	18815	20144	21416	22935	24294	25507	26835	28061	29596
1384	2551	3924	5248	7448	8958	10256	12007	13294	14628	16099	17450	18826	20183	21426	22955	24301	25513	26859	28117	29686
1389	2596	3943	5274	7473	9009	10262	12014	13327	14633	16135	17487	18833	20235	21468	22980	24304	25516	26881	28199	29725
1390	2597	3962	5319	7546	9037	10270	12058	13336	14671	16148	17512	18840	20243	21512	22984	24327	25531	26885	28200	29747
1403	2603	3963	5322	7566	9047	10277	12088	13347	14696	16171	17519	18882	20248	21580	23000	24383	25575	26894	28210	29753
1415	2610	3989	5346	7571	9075	10320	12117	13349	14710	16180	17530	18884	20286	21595	23029	24402	25590	26900	28228	29755
1447	2617	4009	5358	7590	9108	10322	12118	13351	14716	16188	17564	18889	20313	21634	23047	24404	25595	26947	28231	29808
1450	2623	4064	5359	7600	9135	10347	12120	13379	14735	16203	17593	18896	20314	21638	23173	24407	25597	26951	28243	29812
1468	2628	4067	5382	7607	9159	10356	12160	13419	14768	16217	17598	18931	20318	21648	23184	24410	25638	26955	28269	29823
1481	2633	4117	5914	7611	9167	10366	12161	13422	14770	16219	17604	18989	20356	21652	23196	24415	25653	26973	28283	29871
1491	2636	4118	5916	7651	9179	10367	12162	13425	14788	16229	17615	19000	20360	21666	23198	24427	25695	27105	28298	29876
1508	2647	4126	5928	7708	9206	10417	12185	13454	14798	16238	17625	19006	20403	21692	23240	24430	25702	27110	28305	29894
1524	2666	4146	5933	7759	9218	10444	12201	13470	14799	16268	17638	19007	20404	21694	23288	24431	25703	27113	28313	29936
1554	2682	4147	5936	7773	9226	10491	12258	13475	14810	16275	17640	19020	20421	21715	23308	24443	25738	27126	28325	29949
1556	2706	4155	5940	7784	9230	10512	12287	13501	14823	16289	17653	19034	20450	21717	23319	24463	25757	27129	28334	29976
1585	2713	4157	5941	7803	9235	10550	12289	13516	14831	16309	17679	19046	20466	21751	23325	24473	25759	27136	28340	29981
1644	2718	4168	5951	7804	9246	10558	12300	13553	14863	16322	17688	19050	20501	21772	23334	24512	25777	27169	28348	30000
1656	2719	4170	5956	7817	9267	10670	12319	13578	14879	16326	17738	19058	20503	21777	23362	24556	25787	27182	28354	

3. Interest in respect of the Bonds to be redeemed shall cease to accrue on the redemption date and will be payable to that date in accordance with the Terms and Conditions Applicable to the Bonds.
4. Payment of principal will be made at the rate of A$1,000 or, at the option of the bearer, DM3783.10 for each Bond.
5. Payment of Bonds to be redeemed in Australian Dollars will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the National Bank of Australasia in London or, at the option of the bearer, at the main office of The Chase Manhattan Bank N.A. in London ("the Principal Paying Agent") or at its other offices, or at the other banks, set out below.
6. Payment of Bonds to be redeemed in Deutsche Marks at the option of the bearer will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the Westdeutsche Landesbank Girozentrale in Dusseldorf or, at the option of the bearer, at the main office of the Principal Paying Agent or at its other offices, or at the other banks, set out below.
7. FOR PAYMENT IN DEUTSCHE MARKS, THE BONDS AND COUPONS APPERTAINING THERETO MUST BE DEPOSITED WITH THE PAYING AGENT FROM WHOM PAYMENT IS REQUIRED (TOGETHER WITH WRITTEN INSTRUCTIONS, WHICH SHALL BE DEEMED TO BE IRREVOCABLE, THAT SUCH PAYMENT SHALL BE MADE IN DEUTSCHE MARKS) NOT LESS THAN FOURTEEN DAYS PRIOR TO THE DATE OF MANDATORY REDEMPTION.
8. Bonds and Coupons shall be surrendered at the following offices:—

The National Bank of Australasia Limited, 6 Tokenhouse Yard, London EC2

The Chase Manhattan Bank N.A. Woolgate House, Coleman Street, London EC2P 2HD.

Westdeutsche Landesbank Girozentrale, 56 Friedrichstrasse, 4000 Dusseldorf 1.

The Chase Manhattan Bank N.A. One New York Plaza, 14th Floor, New York, N.Y. 10015.

The Chase Manhattan Bank N.A., 41 Rue Cambon, Paris 75001.

Banque de Commerce S.A., 51-53 Avenue des Arts, Brussels 1040.

Credito Italiano S.p.A., Piazza Cordusio, Milan.

Kredietbank S.A. Luxembourgeoise, 37 Rue Notre-Dame, Luxembourg.

Nederlandse Credietbank N.V., Herengracht 458, Amsterdam 1002.

THE RURAL AND INDUSTRIES BANK OF WESTERN AUSTRALIA
By the National Westminster Bank Limited as Trustee

Dated: 13th July 1979.

هكذا من الأصل

Toyo Kogyo sees higher dividend prospect

HIROSHIMA — Toyo Kogyo Company, the maker of Mazda cars—in which Ford Motor of the U.S. is to take a 25 per cent stake — is considerindg an increase in its dividend payment for the second half of the current year ending October 31 to five per cent from four per cent in the same period last year, according to its president, Mr. Yoshiki Yamasaki.

Mr. Yamasaki said that the possible move reflected a sharp recovery in business performance and would bring the total dividend payment for the full year to Y4.5 per share, compared with Y4 last year.

This month, the company announced that net profit for the first half, ended April 30, rose by 91.7 per cent to Y6.44bn ($30.6m) from Y3.36bn in the same 1978 period, on sales up 22.4 per cent to Y296.32bn from Y323.67bn.

Toyo Kogyo forecast that profit before tax and special items in the full year would more than treble to a record Y28bn, from Y7.58bn for 1977-1978.

Reuter

Israel bank to make rights issue

By L. Daniel in Tel Aviv

UNITED MIZRAHI BANK—Israel's fourth largest—has submitted a prospectus to the Tel Aviv Stock Exchange for a rights issue of ordinary registered I£5 shares to an aggregate nominal value of I£140m. The allocation is to be at the rate of one new share for every four held. No further details have been announced as yet.

Israel's commercial banks will raise their interest rates once again at the beginning of next month by a further 5 per cent to 54 per cent per annum. In addition borrowers have to pay 4 per cent for the allotment of credit within specified limits. Those exceeding the limit will have to pay over 80 per cent on the excess sum as will those who inadvertently (or intentionally) enter into an overdraft not agreed upon.

Consolidated profit halved at Japan Air Lines

TOKYO — Japan Air Lines Company (JAL) announced yesterday that its consolidated net profit for the fiscal year ended last March totalled Y3.95bn ($18m), a 54.4 per cent drop from the Y8.56bn of the previous year.

The airline's total operating revenue amounted to Y505.13bn ($2.3bn) on a consolidated basis, up 7.9 per cent from the 1977-78 figure of Y468.22bn. Profit per share declined from Y86.98 to Y39.34.

JAL's parent company net profit, announced in May, fell by 64.3 per cent to Y2.91bn 1978-79 from Y8.14bn for the year before, partly as a result of a jump in the deduction for the special reserve for aircraft depreciation, from Y8.9bn to Y25.44bn. Parent company sales came to Y470.24bn against Y435.37bn, and the dividend was held at Y40.

JAL said that while the parent company profit decline largely accounted for the setback on a consolidated basis, one of JAL's five subsidiaries, Southwest Air Lines, suffered a 22.3 per cent decline in net profit, which also contributed to the overall drop. Southwest Air Lines' net profit totalled Y206bn on sale of Y8.05bn.

Another subsidiary, Japan Air Lines Development Company, posted a net loss of Y167m in the year.

JAL also spent about Y16bn to transfer its International operations to the new Tokyo International airport at Narita. The yen's appreciation in the year also played a part in the loss.

Among the other subsidiaries, Japan Asia Airways posted a net profit of Y725m, up 26.6 per cent from the previous year, on operating revenue totalling Y20.41bn and net profit of Japan Creative Tours Company went up by 6.7 per cent to total Y144m on revenue of Y34.16bn.

AP-DJ

ATL in talks with second suitor

BY JOHN ROGERS IN SYDNEY

ATL, the Australian electronic betting system group, yesterday reacted sharply to the announced intention of Smorgon—which on Wednesday withdrew an A$14.5m (US$16m) bid for the company—to move its takeover aspirations into the sharemarket at depressed prices, with the news that it was having talks with another party.

Strongly advising shareholders not to sell their shares, ATL directors said: "*Discussions are presently* taking place which may lead to an offer being made to shareholders. The technology and operations of this party are compatible with those of ATL and, should an offer eventuate at a price recognising and reflecting the underlying economic value of the company's assets and the prospects, the directors would undoubtedly recommend it to shareholders."

* * *

PITTSBURGH National Bank has increased its stake in the Sydney-based merchant bankers, Seldon and Associates Property from 20 per cent to 50 per cent, Seldon said.

The company will in due course change its name to Pittsburgh National, Seldon and Company, Reuter reports from Sydney.

The other shareholder is Mr. Robert Seldon, the chairman, who formed the company in 1974. It has concentrated on takeover, merger, and reconstruction activities and presently has funds exceeding A$80m under portfolio management, the statement said.

JAPANESE RESULTS

Earnings increase for Taisei

BY OUR FINANCIAL STAFF

TAISEI CORPORATION, the Japanese construction concern, raised its consolidated net income by 29 per cent in the year to March 31, to Y7.65bn ($35.3m), from Y5.93bn in the previous year. Sales were up 18.8 per cent to Y799.83bn ($3.7bn), from Y673.22bn.

Another construction company, Ohabayashi-Gumi, earlier reported a fall of 11.3 per cent in consolidated net profit for the year, to Y4.46bn ($20.6m), on sales 7.7 per cent down, at Y486.86bn ($2.2bn), from Y527.53bn.

* * *

Kanebo, the Japanese textiles company which also has interests in food and cosmetics, made an after-tax profit of Y27m ($124,000) in the year to April 30, to show a recovery from the loss of Y2.68bn reported for the previous year.

The company's sales were down 26.5 per cent to Y264.73bn ($1.2bn), from Y360.20bn. Once again, there is no dividend.

Meanwhile, Shiseido, the pharmaceuticals company, has announced a rise in after-tax profit of 10.8 per cent to Y5.22bn ($24.1m) for the half-year to May 31, from Y4.71bn in the same period of the previous year.

Sales of the company were up 3.3 per cent to Y136.19bn ($628m), from Y131.88bn. The interim dividend is unchanged, at Y5.

At Kao Soap Company, the detergents manufacturer, consolidated net income rose 38 per cent to Y5.76bn ($26.5m) in year to March 31, from Y4.33bn the previous year.

Advance at Lane Crawford

By Anthony Rowley in Hong Kong

LANE CRAWFORD Holdings, whose main asset is the select Lane Crawford Department Store made net profits of HK$41.1m (US$8.03m) in the year to March 31, to show a 93 per cent rise over the previous year.

The company, which is a partly-owned subsidiary of the Wheelock Marden group, said that the increase reflected an improvement in the overall earnings of the group. There were additional extraordinary profits of HK$4.74m arising from the sale of investments.

A final dividend of 46 cents per A share and 4 cents per B share is being recommended, making a total distribution for the year of HK$23.4m, against HK$15.9m the previous year. A one for ten scrip issue is proposed.

Berjaya Kawat ahead

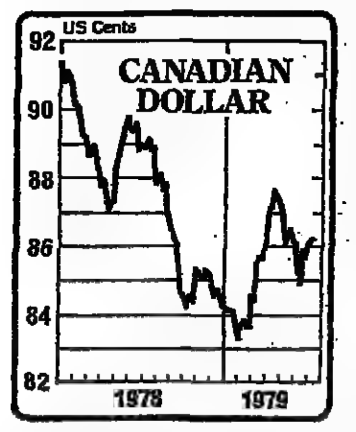
By Wong Sulong in Kuala Lumpur

BERJAYA KAWAT, the Malaysian wire rope manufacturer, has reported a 30 per cent increase in pre-tax profits for the year to April to 3.7m ringgit (U.S.$1.7m).

It is giving a final tax free dividend of 7 per cent, making 13 per cent for the full year, compared with 10 per cent.

Dollar steady; pound quiet

Trading sank to a very low level in yesterday's foreign exchange market, with little to affect conditions before President Carter's energy speech, due this Sunday. The rise in West Germany's key lending rates had been largely discounted and prompted little movement. Sterling opened at $2.2340 and rose, as in previous days, quite quickly to touch $2.2375. However, it soon fell back to $2.2285.



By noon it had risen once more to $2.2340 and stayed on or below this level for most of the afternoon in very thin trading. The dollar improved in later trading possibly with a little help from the Fed, and sterling fell back to finish at $2.2270-$2.2280, a fall of 50 points from Wednesday's close.

The pound lost ground against most major currencies, and this was reflected in its trade-weighted index, as calculated by the Bank of England. This fell to 71.1 from 71.3, having stood at 71.2 at noon and in the morning.

The dollar started with a softish undertone but managed to show a slight improvement as the day wore on. By the close it was near to its best level for the day, and its trade-weighted index rose to 84.5 from 84.4. Against the D-mark it eased slightly to DM1.8270 from DM1.8285 and was hardly changed against the Swiss franc at SwFr 1.6550 compared with SwFr 1.6555.

FRANKFURT — The dollar's fixing of DM1.8267 was hardly changed from Wednesday's level of DM1.8265, and there was no intervention by the Bundesbank at that time. Trading in the morning remained extremely quiet ahead of any announcement by the Bundesbank Central Council on a rise in Germany's key lending rates. Trading took place between DM1.8225 and DM1.8275.

MILAN—The lira eased very slightly against the dollar but improved in sterling terms. The U.S. unit rose to L822.55 from L822.45, while sterling fell back to L1,837.35 against L1,838.50. EMS currencies were generally firmer, although the D-mark lost ground to L450.16 from L450.23.

TOKYO — The dollar lost ground against the Japanese yen and closed at Y217.15 compared with Wednesday's close of Y218.10. A fall in imports during June which turned out to be greater than expected and the possibility of a rise in Japan's discount rate were seen as factors behind the U.S. unit's decline.

THE POUND SPOT AND FORWARD

July 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2265-2.2375	2.2270-2.2280	0.78-0.68c pm	3.93	1.85-1.75 pm	[illegible]
Canada	2.5805-2.5920	2.5910-2.5920	0.88-0.78c pm	3.85	1.98-1.88 pm	[illegible]
Nethlnd.	4.48-4.51	4.48½-4.49½	2¼-1¼c pm	5.01	5-4 pm	[illegible]
Belgium	85.10-85.50	85.35-85.45	12-2c pm	1.28	28-18 pm	[illegible]
Denmark	11.70-11.74	11.70¾-11.71¾	1ore pm-1ore dis	par	1-3 dis	[illegible]
Ireland	1.0795-1.0835	1.0800-1.0810	30-40	−3.89	87-97 dis	[illegible]
W. Ger.	4.06-4.09	4.06¾-4.07¾	3¼-2¼pf pm	8.10	8-7 pm	[illegible]
Portugal	108.30-109.30	108.35-108.55	30-90c dis	−6.64	100-250 dis	[illegible]
Spain	147.15-147.75	147.20-147.30	70-100c dis	−6.92	140-200 dis	[illegible]
Italy	1,830-1,837	1,830½-1,831½	1½-3½ lire dis	−1.64	5¾-7¾ dis	[illegible]
Norway	11.26½-11.30½	11.26-11.27	5-3ore pm	4.26	12¾-10¾ pm	[illegible]
France	9.46-9.51	9.48-9.49	2¾-1¾c pm	2.85	4¾-3¾ pm	[illegible]
Sweden	9.43-9.48	9.43¾-9.44¾	3-1ore pm	2.54	6¾-4¾ pm	[illegible]
Japan	480-487	483½-484½	4.01-4.34y pm	10.35	8.87-10.19 pm	[illegible]
Austria	29.82-29.97	29.85-29.90	22-12gro pm	6.83	52-42 pm	[illegible]
Switz.	3.68-3.71	3.68¾-3.69¾	4¼-3¼c pm	13.01	12-11 pm	[illegible]

Belgian rate is for convertible francs. Financial franc 68.50-68.60c pm. Six-month forward dollar 2.90-2.80c pm; 12-month 4.80-4.70c pm.

THE DOLLAR SPOT AND FORWARD

July 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2265-2.2375	2.2270-2.2280	0.78-0.68c pm	3.93	1.85-1.75	[illegible]
Ireland†	2.0590-2.0700	2.0650-2.0700	1.40-1.20c pm	7.54	3.60-3.30 pm	[illegible]
Canada†	86.24-86.27	86.24-86.27	0.04-0.02c pm	0.42	0.07-0.04 pm	[illegible]
Nethlnd.	2.0115-2.0160	2.0140-2.0160	0.30-0.20c pm	1.49	0.55-0.45 pm	[illegible]
Belgium	29.27-29.32	29.27-29.29	3-5c dis	−1.67	9-12 dis	[illegible]
Denmark	5.2480-5.2585	5.2500-5.2525	1.00-1.50ore dis	−2.86	4.80-5.30dis	[illegible]
W. Ger.	1.8252-1.8274	1.8252-1.8262	0.71-0.61pf pm	4.33	1.87-1.77 pm	[illegible]
Portugal	48.65-48.80	48.67-48.73	35-45c dis	−9.86	90-130 dis	[illegible]
Spain	66.09-66.16	66.13-66.16	65-75c dis	−12.70	185-200dis	−11.6
Italy	822.35-822.90	822.50-822.90	3-4 lire dis	−5.10	9-10 dis	[illegible]
Norway	5.0530-5.0675	5.0665-5.0675	0.70-0.20ore pm	1.06	1.70-1.20 pm	[illegible]
France	4.2540-4.2630	4.2585-4.2580	0.40-0.50c dis	−1.27	1.80-1.80dis	−1.6
Sweden	4.2335-4.2375	4.2360-4.2370	0.25-0.45ore dis	−0.59	0.55-0.75dis	[illegible]
Japan	217.00-217.45	217.00-217.20	1.25-1.10y pm	6.49	2.85-2.70 pm	[illegible]
Austria	13.41-13.44½	13.41-13.42	4.50-4.00gro pm	3.80	11.50-11.00pm	[illegible]
Switz.	1.6540-1.6585	1.6550-1.6560	1.37-1.32c pm	9.75	3.89-3.84 pm	[illegible]

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

July 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.581394	0.618268
U.S. $	9½	1.29988	[illegible]
Canadian $	11¼	1.50836	1.60497
Austria Sch.	3¾	17.4379	18.5566
Belgian F	9	38.0865	40.4871
Danish K	9	6.82632	7.26293
D mark	4	2.37423	2.52550
Guilder	7½	2.61926	2.78542
French Fr.	9½	5.53034	5.88432
Lira	10½	1069.18	1137.32
Yen	4¼	283.309	300.819
Nrwgn. K	7	6.58129	7.00297
Spanish Pes.	8	Unavail.	91.3310
Swedish Kr.	7	5.50343	5.85469
Swiss Fr.	1	2.15000	2.28570

CURRENCY MOVEMENTS

July 12	Bank of England Index	Morgan Guaranty changes %
Sterling	71.1	−34.5
U.S. dollar	84.5	−9.0
Canadian dollar	81.3	−16.4
Austrian schilling	147.6	+19.3
Belgian franc	114.1	+15.7
Danish kroner	114.3	+3.3
Deutsche Mark	152.1	+42.7
Swiss franc	197.2	+81.4
Guilder	123.2	+18.3
French franc	99.0	−7.3
Lira	55.1	−48.0
Yen	151.6	+30.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 12	£	$		£ Note Rates
Argentina Peso	2971-2991	[illegible]	Austria	29.0-30.0
Australia Dollar	1.9805-1.9845	0.8890-0.8910	Belgium	68.0-69.0
Brazil Cruzeiro	57.64-58.64	25.90-26.35	Denmark	11.60-11.75
Finland Markka	8.59-8.60	3.8520-3.8540	France	9.35-9.50
Greek Drachma	n.a	n.a	Germany	4.00-4.10
Hong Kong Dollar	11.43½-11.48½	5.1500-5.1550	Italy	1,800-1,825
Iran Rial	150.70-167.40	72-75	Japan	480-490
Kuwait Dinar (KD)	0.611-0.621	0.2759-0.2761	Netherlands	4.40-4.50
Luxembourg Frc.	65.35-65.45	29.27-29.29	Norway	11.15-11.30
Malaysia Dollar	4.8175-4.8275	2.1615-2.1625	Portugal	102-106
New Zealand Dlr.	2.1905-2.1965	0.9835-0.9860	Spain	145-148
Saudi Arab. Riyal	7.45-7.55	3.3580-3.3590	Switzerland	3.60-3.70
Singapore Dollar	4.8175-4.8275	2.1610-2.1620	United States	2.23-2.24
Sth. African Rand	1.88-1.89	0.8440-0.8485	Yugoslavia	41-44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4743	+2.58	+1.42	±1.53
Danish Krone	7.08592	7.26011	+2.46	+1.30	±1.635
German D-Mark	2.51064	2.52568	+0.60	−0.56	±1.1325
French Franc	5.79831	5.88404	+1.48	+0.32	±1.35
Dutch Guilder	2.72077	2.78390	+2.32	+1.16	±1.5075
Irish Punt	0.662638	0.670017	+1.11	−0.04	±1.665
Italian Lira	1148.15	1135.79	−1.08	−1.08	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.47-10.52 per cent; three months 10.52-10.57 per cent; six months 10.52-10.57 per cent; one year 10.10-10.20 per cent.

July 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13⅝-13⅞	10¼-10½	9¼-10½	8½-8⅞	¾-⅞	5½-5⅝	9½-10	9½-12½	—	2½-2¾
7 days' notice	14½-14⅝	10⅜-10⅝	9½-10½	8⅝-8⅞	⅞-1	5¾-6	10½-11	16-20	10⅛-10⅜	3½-3¾
Month	14⅜-14⅝	10½-10⅝	10⅜-11	9¼-9½	1-1⅛	5-6⅛	11⅛-11⅞	14½-16½	10⅜-10⅝	4⅛-4⅜
three months	14⅛-14¼	10⅜-10⅝	10⅞-11⅛	9⅝-9⅞	1¼-1⅜	6½-6⅝	12-12¼	14-15½	10⅝-10⅞	5⅛-5⅜
six months	14⅜-14⅝	10⅜-10⅝	10½-10⅞	10⅛-10⅜	2-2¼	7-7⅛	12¼-12½	14-15	10⅝-10⅞	6⅛-6⅜
one year	12⅞-13⅛	10⅜-10⅝	10⅜-10⅝	10-10¼	2⅛-2⅜	7⅛-7¼	12⅛-12⅜	15½-14½	10⅜-10⅝	6⅛-6⅜

Long-term Eurodollar: two years 10-10¼ per cent; three years 9⅞-10⅛ per cent; four years 9⅞-10 per cent; five years 9¾-10 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

July 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.228	4.075	484.0	9.485	3.688	4.490	1831.	2.582	65.40
U.S. Dollar	0.449	1.	1.828	217.3	4.258	1.655	2.016	822.0	1.159	29.36
Deutschemark	0.245	0.547	1.	118.8	2.329	0.905	1.103	449.5	0.634	16.06
Japanese Yen 1,000	2.066	4.602	8.418	1000.	19.60	7.619	9.277	3783.	5.334	135.1
French Franc 10	1.054	2.348	4.294	510.3	10.	3.888	4.734	1930.	2.722	68.96
Swiss Franc	0.271	0.604	1.104	131.3	2.572	1.	1.218	496.5	0.700	17.74
Dutch Guilder	0.223	0.496	0.907	107.8	2.112	0.821	1.	407.8	0.575	14.57
Italian Lira 1,000	0.546	1.217	2.224	264.3	5.180	2.014	2.452	1000.	1.410	35.72
Canadian Dollar	0.387	0.863	1.578	187.5	3.674	1.428	1.739	709.3	1.	25.33
Belgian Franc 100	1.529	3.406	6.227	740.1	14.50	5.638	6.865	2800.	3.947	100.

INTERNATIONAL MONEY MARKET

German and Dutch rates up

The West German discount and lombard rates were increased with effect from today, much in line with market expectations. After yesterday's meeting of the Bundesbank Central Council, it was announced that the discount rate would be increased from 4 per cent to 5 per cent, and the lombard rate from 5½ per cent to 6 per cent. This latest move is likely to create further pressure on the weaker members of the EMS, although yesterday, the two weakest currencies, the Belgian franc and Danish krone, were trading fairly comfortably within their maximum permitted divergence against the ECU.

Interbank rates were quoted at 5.50-5.60 per cent from 5.55-5.60 per cent for call money and 6.30-6.40 per cent up from 6.20-6.30 per cent for one-month money. The three-month rate remained at 6.90-7.00 per cent while six-month money eased fractionally to 7.30-7.40 per cent from 7.35-7.45 per cent. 12-month money was quoted at 7.50-7.60 per cent, unchanged from Wednesday.

AMSTERDAM—The Dutch bank rate was increased yesterday from 7½ per cent to 8 per cent. This is the second rise in just over a week, as the rate was increased last Wednesday to 7½ per cent from 7 per cent. This highlights the authorities' concern over the recent trend towards higher interest rates and was underlined by the decision to raise also the rates on secured loans to 8½ per cent from 8 per cent and the promissory note rate from 8½ per cent to 9 per cent.

Call money rose to 8½-8¾ per cent from 7½-7¾ per cent and one-month money was firmer at 9¼-9½ per cent compared with 9⅛-9⅜ per cent. The three-month rate was steady at 9¾-10 per cent while six-month money rose to 10¼-10⅝ per cent from 10-10½ per cent.

PARIS—Interest rates continued to rise yesterday, with call money reaching a 16-month high at 9⅞ per cent, compared with one-month money at 9⅛-9⅝. Period rates were also firmer, with one-month money at 9½-9⅝ per cent from 9⅛-9⅜ per cent and three-month at 9$\frac{13}{16}$-9$\frac{15}{16}$ per cent from 9⅝-9¾ per cent. The six-month rate rose to 10⅛-10⅜ per cent against 10⅛-10¼ per cent and 12-month money rose to 10⅜-10⅝ per cent compared with 10⅛-10¼ per cent previously. The Bank of France yesterday increased the rates at which it discounts Treasury bills quite sharply, with one-month bills at 9½ per cent from 8¾ per cent, three-month at 9¾ per cent from 9⅛ per cent and six-month bills at 9⅞ per cent from 9¼ per cent.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale by buying a small amount of local authority bills and a moderate number of Treasury bills, all direct from the discount houses. Discount houses were paying around 13¾ per cent for secured call loans at the start, but conditions eased considerably later in the day, with balances taken down to 9 per cent.

The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements and a small net take up of Treasury bills to finance. There was also the repayment of Wednesday's small official lending.

On the other hand, banks brought forward balances a small way above target and there was a small decrease in the note circulation. In the interbank market overnight loans opened at 14-14¼ per cent and traded there for most of the morning before easing to 13½-13¾ per cent around lunch-time. Rates eased further to see a lot of business later in the afternoon at 10-10½ per cent.

Periods rates were generally firmer, reflecting market sentiment that MLR was unlikely to fall in the near future. The six-month interbank rate rose to 13¾-13½ per cent from 13⅛-13¼ per cent and the 12-month rate was firmer at 12$\frac{7}{16}$-12$\frac{11}{16}$ per cent against 12$\frac{5}{16}$-12$\frac{9}{16}$ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 12 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-14⅛	—	—	—	14¼	9-13⅞	—	—	—
2 days notice	—	—	14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅛	14-14¼	—	14½	14⅝	13¾-13⅞	—	—	—
One month	14$\frac{1}{16}$-14	14$\frac{1}{16}$-14$\frac{1}{8}$	14	14⅝-14¼	14½	14⅝	13⅞	13¼-13$\frac{9}{32}$	14⅛	14⅛
Two months	14⅛-13$\frac{15}{16}$	14-14⅛	—	14⅝-14⅛	14⅝	14⅝	13⅝	13$\frac{11}{16}$	14$\frac{1}{16}$	14⅜
Three months	13$\frac{13}{16}$-13$\frac{11}{16}$	13$\frac{15}{16}$-14$\frac{1}{16}$	13⅝-13¾	14⅛-13⅞	14⅝	—	13⅝	13$\frac{5}{8}$	13$\frac{15}{16}$	14¼
Six months	13$\frac{7}{16}$-13¼	13⅜-13½	13-13⅛	12¾-12⅝	13¾	—	—	—	12$\frac{15}{16}$-12$\frac{13}{16}$	14⅛
Nine months	12⅞-12$\frac{11}{16}$	12$\frac{13}{16}$-12$\frac{11}{16}$	—	12⅞-12⅛	13⅝	—	—	—	—	—
One year	12½-12⅜	12$\frac{9}{16}$-12$\frac{11}{16}$	12¼-12$\frac{7}{16}$	12⅝-12¼	13	—	—	—	—	—
Two years	—	—	12¼-12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days notice others seven days fixed. * Long-term local authority mortgage rates nominally three years 12⅞ per cent; four years 12⅛-12½ per cent; five years 12⅞-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13$\frac{7}{16}$-13½ per cent; four-months trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13$\frac{7}{32}$ per cent; two-months 13$\frac{5}{32}$ per cent; three-months 13$\frac{7}{32}$ per cent. Approximate selling rates for one-month bank bills 14-14⅛ per cent; two-month 13⅞-13$\frac{29}{32}$ per cent; and three-month 13$\frac{11}{16}$ per cent; one-month trade bills 14⅝ per cent; two-month 14⅛ per cent; and three-month 14⅛ per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2433 per cent.

GOLD

Firmer trend

Gold traded very quietly in the London bullion market yesterday to close $1¼ an ounce up from Wednesday at $290½-291¼. This was also its opening level and the spread for the day was $290½-291¼. The Krugerrand's premium over its gold content narrowed to 3.14 per cent from 3.41 per cent previously.

In Paris the 12½ kilo bar was fixed at Fr 41,700 per kilo ($304.67 per ounce) compared with Fr 41,700 ($304.90) in the morning and Fr 41,700 ($304.85) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,085 per kilo ($290.84 per ounce) against DM 17,035 ($290.08) previously.

	July 12	July 11
Gold Bullion (fine ounce)		
Close	$290½-291¼ (£130.2-130.6)	$289¼-290 (£129.4-129.7)
Opening	$290½-291¼ (£130.0-130.4)	$290½-291¼ (£129.9-130.5)
Morning fixing	$290.75 (£130.148)	$290.60 (£129.848)
Afternoon fixing	$290.75 (£130.325)	$290.30 (£129.800)
Gold Coins, domestically		
Krugerrand	$299-301 (£134-135)	$298½-300½ (£133½-134½)
New Sovereigns	$75¼-77¼ (£33¾-34¾)	$75½-77½ (£33¾-34¾)
Old Sovereigns	$95½-97½ (£42¾-43¾)	$95¾-97¾ (£42¾-43¾)
Gold Coins, internationally		
Krugerrand	$299-301 (£134-135)	$298½-300½ (£133½-134½)
New Sovereigns	$75¼-77¼ (£33¾-34¾)	$75½-77½ (£33¾-34¾)
Old Sovereigns	$95½-97½ (£42¾-43¾)	$95¾-97¾ (£42¾-43¾)
$20 Eagles	$421-426	$419-424
$10 Eagles	$237-242	$236-241
$5 Eagles	$171-176	$170-175

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	10.375
Treasury Bills (13-week)	9.24
Treasury Bills (26-week)	9.15

GERMANY

Discount Rate	5
Overnight Rate	5.55
One month	6.35
Three months	6.95
Six months	7.35

FRANCE

Discount Rate	9.5
Overnight Rate	9.375
One month	9.5625
Three months	9.875
Six months	10.5625

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.6875
Bills Discount (three-month)	9.25

Early fresh Wall St. fall on poor IBM figures

INVESTMENT DOLLAR PREMIUM
Effective $2.2275 111½% (98¾%)
2.80 to £1—29% (27¾%)

THE RECENT reactionary trend on Wall Street continued yesterday morning in another active trade.

The Dow Jones Industrial Average followed Wednesday's retreat with a fresh fall of 4 to 836.52 at 1 pm. The NYSE All Common Index lost

Closing prices and market reports were not available for this edition.

cents more to $58.28, while declines outscored gains by a seven-to-five ratio. Trading volume came to 22.75m shares, against Wednesday's 1 pm total of 24.95m.

Prices were beginning to recover from a weak opening when news that International Business Machines' profits declined in the second quarter, sent the market lower again.

Stocks have retreated over the last two days as investor hopes of concrete proposals to ease the nation's energy woes dimmed. Particularly disappointing, analysts said, was President Carter's opposition to decontrol of gasoline prices. Carter was reportedly going to make an energy speech on Sunday night.

The Energy group stayed weak, along with Steel, Motor, Chemical, Copper, Aluminium, Aircraft, Transportation, Banking, Electrical Equipment, Computer and Utility shares.

IBM lost 1⅞ to $70½ on news of its profits decline. Honeywell slipped ⅞ to $69⅞, Texas Instruments $2 to $85⅞ and National Semiconductor $¾ to $25¾.

Boeing receded $1⅛ to $41½ after cracks were found in engine supports on a Boeing 747 jetliner, but they were not considered a safety hazard. International Telephone lost $2 to $28⅜ following the surprise resignation of its president and news that its second-quarter results would show a decline.

Among companies reporting higher second-quarter profits, Flintkote, Owens-Illinois and Baxter Travenol added fractions, but Colgate-Palmolive, Howard Johnson, Texas Oil and Gas and Burroughs retreated. As expected, Westinghouse Electric reported a loss for the quarter from uranium suit settlements and eased ⅛ to $20⅛.

The American SE Market Value Index was 1.13 lower at 196.79 at 1 pm. Volume 2.48m shares (2.83m).

Volume leader Husky Oil lost 1¾ to $48⅛. Alberta Gas Trunk Line began a bid for Husky shares at $48.

Dome Petroleum eased ⅜ to $38⅞. Japan's National Oil Corporation has suspended talks with Dome Petroleum on joint development of Beaufort Sea reserves until September.

Canada

Markets were again predominantly easier in fairly active early dealings yesterday. The Toronto Composite Index retreated 8.5 to 1,554.7 at mid-day.

The Oils and Gas Index fell 37.2 to 2,654.7, Golds 18.4 to 1,821.3 and Metals and Minerals 4.1 to 1,318.2. In Montreal, Utilities receded 1.04 to 229.24 and Papers 0.32 to 168.34. Banks remained the exception, rising 1.07 further to 313.10.

Husky Oil lost 1⅞ to C$56½, Hudson's Bay Oil 1¼ to C$69 and Dome Mines 1½ to C$42¼.

Tokyo

Share prices were sharply lower over a broad front on continued market worries that the Bank of Japan may raise its Official Discount Rate soon.

The Nikkei-Dow Jones Average retreated 52.76 to 6,154.81 and the Tokyo SE index 3.03 to 438.23, while trading on the First Market section was active, with volume reaching 460m shares (320m).

Most shares, with the exception of Shipping Lines, close lower in the absence of encouraging factors. The Shipping sector drew strength from the recovery in the world tanker market, with Sanko Steamship rising Y21 to Y447 and Japan Line Y22 to Y205.

Energy-related issues, Blue Chips and Populars led the decline, with Arabian Oil receding Y180 to Y4,770, Nippon Oil Y60 to Y1,520, Matsushita Electric Y25 to Y623, Sony Y50 to Y1,820, Toyota Motor Y7 to Y859, Canon Y7 to Y495, Tokyo Electric Power Y14 to Y895, Pioneer Electronic Y70 to Y1,760 and Fuji Photo Film Y15 to Y565.

Toyo Kogyo, which has announced a 25 per cent capital participation by Ford Motor, fell Y19 more to Y461.

The Second Market section also closed predominantly weaker, with volume amounting to 11m shares.

Germany

Bourse prices mainly improved after a slow start. The Stock Market closed before the Bundesbank announced increases in the Official Discount and Lombard Rates, although market sources said that the increases were widely expected. The Commerzbank Index gained 4.8 to 729.2.

Dealers claimed that the market pattern was similar to Wednesday's with foreign buyers and large domestic institutional interest buoying a market that one might have thought would be hesitant with the prospect of Bundesbank credit-tightening.

Most standards were well maintained, with gains ranging to DM2 being recorded in various sectors. Electricals made broad gains, with Varta up DM 2.50 and Siemens rising DM2.10. Banks and Machine Manufacturers were also generally higher, with Bayerischer Vereinsbank gaining DM4.00 and Dresdner Bank DM1.40. Chemicals and Motors were mostly steady, although Daimler-Benz fell DM2.00.

Public Authority Bonds shed up to 40 pfennigs more, although there were isolated gains of up to 20 pfennigs. The Bundesbank sold DM5.5m of paper after purchases of DM7.5m the previous day. Mark-denominated Foreign Loans were steady.

Paris

The market developed a tendency to lower levels in quiet trading, with French interest rate tension and some profit-taking paring the gains of the past two days. The Bourse Industrials index slipped back 0.8 to 86.5.

Brokers said the further raising of the Call Money rate by ¼ of a point to 9¼ per cent had sapped investor sentiment. The rate stood at 8¾ per cent a week ago. Also depressing the market was an interview with Premier Raymond Barre in which he hinted at stricter wage controls.

Banks, Portfolios and Chemicals provided firm sectors against the trend, while Metals and Constructions were mixed, but declines predominated in all other sectors.

Issues showing significant declines included Cetelem, Rue Imperiale, Carrefour, Generale d'Entreprises, Kleber, Generale de Fonderie, CFAO, Moulinex, Denain, Esso, Elf-Aquitaine, Roussel-Uclaf and Maritime Chargeurs Reunis.

Generale Occidentale, however, firmed 60 centimes to FFr 262 after announcing net group consolidated profits of FFr 80.34m for the nine months to March 31 against FFr 102.43m for the preceding 12 months.

Australia

Stock prices closed with irregular movements after moderate activity.

Market leader BHP lost 6 cents to A$9.44 after announcing that its Endeavour Number One oil exploration well was being plugged and abandoned.

Ansett shed 5 cents to A$1.27 on lack of fresh market interest pending further developments from TNT and Bell Group, the major shareholders. Elsewhere on the Industrials board, CSR contrasted with a rise of 6 cents to A$3.54.

Among Diamond Exploration issues, CRA receded 12 cents to A$3.30, but Ashton Mining picked up 4 cents to A$1.04 and Northern Mining 5 cents to A$1.05.

Central Norseman Gold, at A$32.10, lost A$1.30 of its recent good rise, but Atherton hardened 3 cents to 44 cents on further speculation about its Fiji gold prospects.

Elsewhere in Minings, Metals Exploration fell 9 cents to 65 cents, but North Broken Holdings, A$1.75, and BH South, A$1.61, gained 3 cents apiece.

Hong Kong

Stock prices were mixed after another fair turnover, with Property shares showing fresh strength but other issues closing easier for choice.

Operators were optimistic that today's land auction of a prime central site would bring record prices. Among Properties, Hong Kong Land rose 5 cents to HK$ 7.35, HK Wharf 25 to HK$ 33.50, Associated Hotels 2½ to HK$ 2.925, Hopewell 55 to HK$ 5.95, Sun Hung Kai Properties 50 to HK$ 10.90 and Swire Properties 2½ to HK$ 3.325.

Elsewhere, HK Electric eased 5 cents to HK$ 4.425, Cross Harbour 20 to HK$ 9.00 and Green Island Cement 50 to HK$ 38.50. However, Jardine Matheson added 40 cents at HK$ 11.20, Swire Pacific "A" 40 at HK$ 11.20 and China Light 30 at HK$ 20.40.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated.
a Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	July 11	July 10
Abbott Labs	38	38⅞
AM International	15⅛	15¼
Adobe Oil & Gas	31¼	31¼
Aetna Life & Cas.	32	32¼
Air Products	31⅞	35⅛
Alcan Aluminium	34	33⅞
Alcoa	51⅝	52⅜
Alleg. Ludlum	19¼	19⅝

Stock	July 11	July 10
Control Data	41¾	40⅝
Cooper Indus	55¾	55¾
Corning Glass	59	59⅛
CPC Int'mation'l	54¼	55½
Crane Co	30⅞	30¼
Crocker Natl	31⅛	31⅝
Crown Zellerb'h	36¾	36½
Cummins Engine	35¾	35¾
Curtiss Wright	15¾	15⅝

Stock	July 11	July 10
Johns Manville	24⅞	24¾
Johnson Johnson	72⅞	72
Johnson Control	27	27⅝
Jostens	19½	19⅝
Joy Manufacturing	31¾	32
K. Mart	26⅛	26⅛
Kaiser Alumini'm	18⅜	18⅜
Kaiser Industries	2⅛	2¼
Kaiser Steel	38⅞	36½
Kaneb Services	18¼	18¾

Stock	July 11	July 10
Revlon	48	47¾
Reynolds Metals	33½	33¾
Reynolds (R.J.)	59⅞	59¾
Rich'son Merrell	22½	22¼
Rockwell Inter.	37⅝	37⅞
Rohm & Haas	40⅝	40¼
Royal Dutch	75¼	75⅛
RTE	10½	10⅜
Ross Togs	10	10
Ryder System	20⅜	20⅛

Stock	July 11	July 10
Williams Co.	20⅞	21¼
Wisconsin Elect.	25¾	25⅞
Woolworth	25½	25⅝
Wyly	5⅞	5¾
Xerox	62⅛	61⅞
Zapata	19½	18⅝
Zenith Radio	12⅝	12¾
U.S. Treas. 4% '80	†97	†97
USTreas4¼%75/85	†83⅞	†85⅛
U.S. 90-day bills.	9.29%	9.32%

Stock	July 11	July 10	Stock	July 11	July 10	Stock	July 11
Comm. Satellite	46⅞	47¼	Intl. Flavour	20¼	20¼	PPG Industries	29¾
Computer Scienc.	13⅝	13¾	Intl. Harvester	40⅛	41	Procter Gamble	77
Conn Life Ins.	38⅝	38⅝	Intl. Min & Chem	49	48⅞	Pub. Serv. Elec.	21⅝
Conrac	16	15⅞	Intl. Multifoods	19⅜	19⅞	Pullman	37½
Con. Edison NY	24⅛	24½	Inco	19¾	19¾	Purex	16¼
Consol Foods	23⅞	23⅞	Intl. Paper	43⅝	43¾	Quaker Oats	24⅛
Consol Nat. Gas	42⅝	41⅝	Intl. Rectifier	14⅛	14⅜	Rapid American	16½
Consumer Power	23	23⅛	Intl. Tel & Tel	29⅜	30¼	Raytheon	49
ContinentalGr'up	28¾	28⅞	Iowa Beef	21⅝	22⅛	RCA	24⅛
Continental Oil	39½	40½	IU International	12⅛	12¼	Republic Steel	26½
Continental Tele	16⅞	16⅞	Jim Walter	34	33⅞	Resorts Intl.	45⅝

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

CANADA

EUROPEAN OPTIONS EXCHANGE

GERMANY ♦

TOKYO ¶

Source Nikko Securities, Tokyo

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Financial Rand U.S.$0.88 (Discount of 25.6%)

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ф

COPENHAGEN ♣

MILAN

VIENNA

BRAZIL

SPAIN ♥

Indices

NEW YORK —DOW JONES

	July 11	July 10	July 9	July 6	July 5	July 3	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
♦ Industr'ls	843.86	850.34	852.99	846.16	835.76	826.58	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.70	85.86	85.85	85.82	85.94	85.97	85.97 (3/7)	82.92 (8/5)	—	—
Transport.	248.84	250.34	251.56	248.84	243.57	242.01	251.56 (9/7)	206.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	108.09	108.29	107.75	106.70	105.92	105.45	108.29 (10/7)	98.51 (15/5)	165.52 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	36,750	39,850	42,560	38,650	30,340	31,700	—	—	—	—

♦ Day's high 849.40 low 839.16

Ind. div. yield %	July 6	June 29	June 22	Year ago (approx
	5.59	5.75	5.87	5.75

STANDARD AND POORS

	July 11	July 10	July 9	July 6	July 5	July 3	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
†Indust'ls	114.86	115.40	115.89	114.77	113.44	113.08	115.89 (9/1)	107.08 (27/2)	134.54 (11/1/73)	3.53 30/6/32
‡Composite	103.84	104.20	104.47	103.82	102.43	102.08	104.47 (9/7)	96.13 (27.2)	125.85 (11/1/6)	4.40 (1/6/23)

	July 3	June 27	June 20	Year ago (approx
Ind. div. yield %	5.28	5.27	5.30	5.18
Ind. P/E Ratio	7.92	7.94	7.91	8.93
Long Gov. Bond Yield	8.74	8.75	8.87	8.62

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

JOHANNESBURG

WEDNESDAY'S ACTIVE STOCKS

Terry Ogg takes a look at Rank's film-making activities

On an Eagle's Wing and a prayer . . .

A scene from Rank's "Eagle's Wing"—can it really take a white horse anywhere?

RANK EXECUTIVES will get a rough idea at a Press preview later this month of the likely fate of their latest £1m investment in celluloid entertainment.

The new film, Eagle's Wing, is a western with no gunslingers but a hero who prefers a magnificent white stallion to a lovely young widow. Appropriately in this post-John Wayne era, it attempts to show the West "the way it really was . . . before the myths were born." And there is a certain entrepreneurial audacity about a western, shot in Mexico, financed jointly by Rank and an investment company in Switzerland with no recognised western actors and a young director, Mr. Anthony Harvey, who is better known for his television work than his full-length feature films.

It is almost two years since the original script found its way to Mr. Ed Chilton, the Rank main board director in charge of the leisure division and chairman of Rank Film Productions, the subsidiary set up in 1977 to handle the group's return to film making.

"Material comes to us in many ways," he says. "Publishers come along with books they think might make good screenplays; authors' agents bring in their clients' material, but most come from independent producers who arrive with a screen play and some sort of a budget.

"I read everything that arrives. With some it is not necessary to read more than the first 15 pages. Anything I read right through I send on to Tony Williams, our production chief. If he likes it, he sends it out to three or four readers." The readers are drawn from a panel that acts as a test market for the idea or the story. They are not on Rank's payroll but get a fee for each piece they read. Each fills in a standard form and sends it back to Chilton together with the original material and perhaps some ideas on how it could be improved.

Eagle's Wing got the green light from Mr. Chilton, Mr. Williams and the advisory panel. But, in this case, it was not the script which carried the day it was the way in which the director, Mr. Howard, saw the film being shot.

"It was a very different screen play," Mr. Chilton says. "It is for a smaller, intelligent audience and when Tony outlined his ideas, I was sold. Whether the public will agree or not remains to be seen."

On the basis of his own feelings, plus those of the panel, Mr. Chilton committed around £1m of Rank's money to the film and persuaded the Swiss investment company to put up about the same amount.

Once a firm decision has been made to go ahead with a film the screenplay is handed over to a costing executive. He goes through it working out a detailed budget that comes back to Mr. Chilton. Sometimes changes are made to shooting schedules to cut expenses. A scene that called for aerial shots may be dropped or replaced by something less expensive.

"We insist on putting up at least 50 per cent of the finance for a film ourselves," Mr. Chilton says. "We insist on the final say on the screenplay. We select the producer, the director, the cast and we make the final cuts. We also have a tight control of the budget.

"The co-investor may be another production company but, more often than not, it is a European company. While we put up the finance we do not always get 100 per cent of the profits. The producer is paid a fee and often gets a percentage of any ultimate profits. Some of the other creative people may also want a slice of the action. But we always get at least 75 per cent. If there is a distribution, it comes out of the remaining 25 per cent."

With the budget approved and the cast assembled, filming begins. This is the most time consuming period for the small Rank team. Mr. Williams and his creative director view every foot of film. Mr. Chilton sees about 30 per cent of the total. If they feel that a director is off-course, they will tell him so.

"The screenplay may contain a direction to the effect that 'the growing tension between the two characters erupts as Dan throws a punch at Bob,' and four directors will shoot that four different ways," Mr. Chilton said. "It is not so much a question of who is right or wrong as what fits our feelings about the film.

"In The 39 Steps, the ending as shot had the widow telling the hero that while she thought he was a good man, she was not going to marry him. That was, according to my view, inconsistent with the overall build-up of their relationship throughout the film, so I changed it." So now there is a hint of a happy ending.

It is roughly 20 months since Eagle's Wing first arrived at Rank. While it has been screened in Greece and Yugoslavia (with appropriate sub-titles), Rank and its co-investor have very little to date to show for their £2m outlay. If interest costs on the funds are added; then Eagle's Wing owes its proprietors around £2.3m at the moment, and the figure is growing.

In addition, Rank must cover the costs its distribution arm will incur and, should its theatre chain decide to screen the film, it must also earn sufficient to make a reasonable return on cinemas. Rank's cinema chain is independent of the film producing and distributing side and has, in the past, at times decided against screening Rank films. (Riddle of the Sands opened its London West End run at The Plaza, Tarka the Otter played at the Rialto. The third film passed up was Wombling Free.)

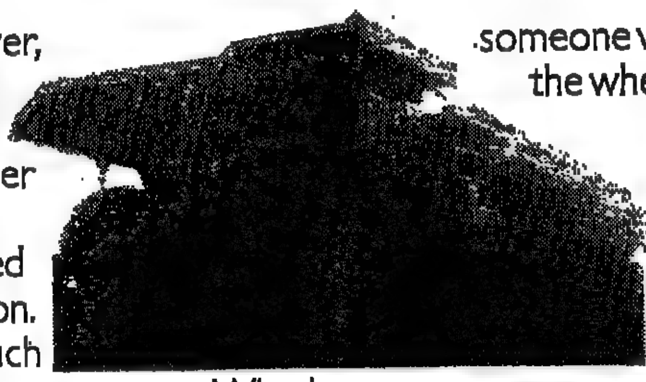
But, for Rank Film Productions, there is more than the capital outlay riding on the white horse and its human co-stars. Rank Film Productions was formed three years ago when, after a 10-year absence, Rank decided on a tentative return to film-making. The commitment was a relatively modest £4m a year for three years. Progress is to be reviewed later this year and, while the subsidiary is making a small return after interest charges, a bad flop with Eagle's Wing could well influence what the board decides about Rank's future involvement in production.

Mr. Chilton is confident that film-making will continue. "I do not think you stop because you have a bad year, or a bad three years," he said. After all, you cannot do annual accounts on movies. Even two-year accounting does not work. In the third year the film could be sold to a television network and a loss would become a big profit.

"Besides, there are all sorts of new things that are coming along. We already have video cassettes and we shall soon have video discs. Both have a big appetite for films. Recently we have been discussing the sale of films—including some made in the 1930s—to an American company that is making video discs. The accounts for films have to be kept open for a long time."

Rank's resumed involvement in films has been assisted by its decision to remake son "golden oldies" (The 39 Ste and The Lady Vanishes), righ to which it already owned. has also been assisted by t big demand for films from t traditional revenue source, t box offices.

Rank directors have co mitted £12m of shareholde funds to film production so f and the operation is in t black. The question they m wrestle with later this year whether it is in shareholde interests to continue that le of expenditure, or whether hotel, marina or another sect of the leisure trade could u the funds more profitably.



FOOD PRICE MOVEMENTS

	July 12 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,150	1,180	1,150
British A.1 per ton	1,120	1,120	1,095
Ulster A.1 per ton†	1,120	1,120	1,095
BUTTER			
NZ per 20 kg	12.12/11.97	14.22/14.37	14.22/14.37
English per cwt‡	83.65/83.67	81.65	81.65
Danish salted per cwt‡	87.10/87.85	87.10/87.85	85.10/87.85
CHEESE¶			
NZ per tonne	—	—	—
English cheddar trad. per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	2.80/3.20	2.80/3.20	2.90/3.00
Size 2	3.50/3.70	3.50/3.70	3.40/3.60
	July 12 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	68.0/70.0	64.0/68.0	60.0/65.0
Eire forequarters	44.0/46.0	42.0/45.0	40.0/42.0
LAMB			
English	68.0/70.0	68.0/70.0	—
NZ PLs/PMs	49.0/51.0	—	51.0/52.5
PORK			
All weights	34.5/44.0	34.5/44.0	34.0/44.0
POULTRY			
Oven-ready chickens	41.0/44.0	41.0/44.0	41.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery July 14-21.

Pepper surplus warning

By Wong Sulong

KUALA LUMPUR — Pepper producing countries are facing the serious problem of increased output and falling prices because of reduced demand, Shri Arif Baig, chairman of the International Pepper Community, said here yesterday.

He said while consumption was growing at about 4 per cent annually, production was increasing at around 15 per cent. Pepper producers needed to co-ordinate their production plans to stabilise prices, he said.

Mr. Paul Leong, the Malaysian Primary Industries Minister, told a meeting of the Community they should approach UNCTAD to include pepper in its Common Fund on commodities, as a long-term solution to fluctuating prices.

The International Pepper Community, formed by producing countries—Indonesia, Malaysia and India, agreed to admit the Malagasy Republic as its fourth member.

Shri Arif Baig said members hoped countries like Brazil, Thailand, and Sri Lanka would join the community. An application from the Ponape (Caroline) Islands in the Pacific was being considered.

Shri Arif said Brazil's entry would strengthen the community as it was the world's third biggest pepper producer after Indonesia and Malaysia.

European Court upholds UK milk import ban

BY MARGARET VAN HATTEM IN BRUSSELS

THE EUROPEAN Court of Justice yesterday upheld Britain's right to ban imports of ultra-heat treated (UHT) milk from other EEC countries until the end of this year. But its ruling gives no indication whether the ban may continue after that date.

The case against the UK was originally brought by a French dairy co-operative, the Union Laitière Normande, which was prevented last October from selling milk in the UK.

The British authorities at the time justified the refusal on three counts. First, the milk was in litre containers and Britain is permitted, under the relevant EEC directive, to insist on imperial measures until the end of this year.

Secondly, the milk had a 3.5 per cent fat content whereas Britain is permitted to insist on a 3.8 per cent fat content.

Thirdly, the UK authorities refused import licences on health grounds, since, in the absence of uniform EEC health standards in the dairy sector, Britain may insist that all milk sold in the UK should be processed in plants licensed by UK authorities.

The health and fat content regulations not apparently specifically referred to in the court's ruling, will cease to apply once uniform Community standards are introduced, a move which is expected before the end of this year, with possibly a transition period of up to two years.

The court dealt mainly with the issue of carton sizes, which will cease to apply once Britain introduces metric packaging at the beginning of next year.

Grain forecast confuses trade

BY OUR COMMODITIES STAFF

THERE WAS a confused reaction on the Chicago grain markets yesterday to the latest U.S. Department of Agriculture crop estimates.

Confusion started when it was realised that the first estimate of the Soviet Union grain crop, put at 177m tonnes, failed to include some 8m tonnes of pulses (lentils, buckwheat etc.).

This put the total Soviet all-grainscrop at 185m tonnes when compared with the record 237m tonnes harvest last year. It is made up of 90m tonnes of wheat (against 120.8m previously); coarse grains 85m tonnes (105.4m), rice 2.2m (2.1m) and pulses 8m (8.9m).

It was noted that the Soviet crop estimate at this time last year was well below the final totals.

Nevertheless, it is now obvious that the Soviet Union will have to import substantial amounts of grain to meet its requirements, bearing in mind that it was still importing last year despite the record domestic crop.

The grain market worry is that Russia may physically not be able to import much more than 30m tonnes, because of transport problems, so the livestock population may have to be cut back drastically.

The revised Soviet crop estimate of 185m tonnes is above market predictions. It was generally thought the forecast would be close to the original USDA predicted range of between 170m to 210m tonnes.

The predicted rise in the U.S. winter wheat crop to 1.56bn bushels, up 25 per cent, was larger than generally expected. The forecast 6 per cent cut in the U.S. maize (corn) crop to 6.6bn bushels was considered by some traders to be based on too low yields per acre.

It was pointed out that the weather conditions in July could have a significant effect; if favourable yields could well be closer to last year's record level.

Hold-up at rubber pact talks

GENEVA — A UN conference to regulate the world market in natural rubber is temporarily stalled over U.S. insistence on supply commitments, delegates said yesterday.

The 55 producer and consumer countries have defined the main economic principles of an international agreement, but the U.S. is insisting on inclusion of a paragraph under which Malaysia, Indonesia, Thailand and other producers will have to give an International Rubber Council details of their supply and production plans.

Producer nations have rejected the demand but said they will hold periodic consultations on major production decisions.

A contact group between the two sides broke up yesterday morning without resolving the issue.

The EEC, one of the world's largest consumers of natural rubber, asked the U.S. to drop or modify its insistence on the paragraph.

"This seems to be the sticking point, and the EEC countries are extremely keen to see an agreement by the time the conference ends this weekend," a Community spokesman said.

The three-week session is due to end today but one delegate said it was likely to be extended until Saturday.

Reuter

Lead market down again

By Our Commodities Editor

LEAD PRICES dropped again on the London Metal Exchange yesterday with the continued absence of Soviet buying. Cash lead closed £27.5 lower at £570 a tonne and the three months quotation was £26.25 down at £544.

The downtrend was accelerated when the three months price fell to £560—a significant chart selling point which unleashed a wave of stop-loss sales.

Asarco, the U.S. producer, announced that it had cut its domestic lead selling price by 1 cent to 61 cents a lb after raising it by 4 cents earlier this week.

Cash tin rose sharply, by £135 to £7,160 a tonne, following reports of delays in shipments renewing the squeeze on supplies immediately available to the market.

UK FARMING

Bleak outlook for livestock producers

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE LATEST devaluaions of the "green pound," with which Mr. Peter Walker, Minister of Agriculture, sought to improve the competitive efficiency of British farming, has been replaced by what amounts to a considerable subsidy to certain producer countries due to the increased value of sterling.

For instance, bacon sides from Denmark, which carried a monetary compensatory amount subsidy payment of just over £200 a tonne in February now only receive £43 a tonne. But because the pound has appreciated by some 12 per cent against the Danish kroner, every tonne sold here earns the Danes a further 12 per cent in kroner terms. Today's price of Danish bacon is £1.180 a tonne which means 13,629 kroner against 12,130 kroner under the previous rate of exchange—a bonus of 1,499 kroner, or £129.

This is one reason why, in spite of the green pound devaluations the Danes have been able to keep the prices paid to pig producers firm and even increase them.

Under normal trading conditions in a free market, the strengthening of sterling should have meant a substantial fall in the cost of the grain element, about 50 per cent in the cost of cereal-based compound feed for livestock. But because the devaluation was right acros the board, the basic UK intervention and threshold prices of all cereals have been raised by some £10 a tonne. Overall then the British pig farmers' situation has not been significantly improved.

Poultry farmers have, if anything, come off rather worse. In their case monetary compensatory payments don't exist, or are negligible. But the strengthening of sterling has encouraged the importation of eggs at a time when the profits of many poultry farms are very low or non-existent. The inevitable rise in cereal costs is going to hammer them very hard indeed. It is quite true that the market price for both wheat and barley is at the moment above the intervention level, but the new crop quotations are reflecting the new intervention price of £86.70 a tonne as against last year's of £77.10.

Even more serious than the rise in the intervention price for British grain, has been the raising of the threshold price for maize imports by a total of about £13 a tonne above last year's level. Other feed grain prices have risen in proportion. So the overall price of animal feed is certain to remain at a significantly higher level.

There is, however, no mechanism with which to raise the guaranteed prices for pig and poultry products, except for a modest private storage scheme for pigmeat. This means that *farmers concerned in their production will get no relief from* the present financial stress they are suffering.

The strength of sterling should also have helped lower the cost of non-cereal feeds, such as manioc. Unfortunately, supplies of ths are limited, as are some cereal by-products, and, the market is to a large extent dominated by Dutch interests which have been making use of them for many years.

It is quite true to say that livestock producers in other EEC countries face higher cereal costs since the level of grain intervention prices is even higher than in Britain. But except for Holland, farmers in other member countries use significantly less compound feed per unit of animal production, pork, poultry, meat and milk. At the same time the cereal content of animal feeds in Dutch rations is now well below 20 per cent.

The increase in grain prices is going to affect the profits of dairy farmers as well. There is nothing inherently immoral in using compounds to produce milk as against using grass and other forage although Mr. Finn Gundelach, EEC Commissioner for Agriculture, seems to think so. In fact it produces more milk from the cow in some cases. But the much maligned German, Irish and French small farmers do in fact get more of their output from home resources than *do the British.*

UK cocoa demand fall

By Our Commodities Staff

UK GRINDINGS of cocoa beans fell to 15,900 tonnes in the first quarter of this year, 15.3 per cent down on the same period of 1978, the Ministry of Agriculture said yesterday.

The decline was larger than market forecasts, which had been anticipating a fall of about ten per cent, and futures prices declined initially. However trade buying interest at the lower level helped rally the market and values eventually closed higher on the day.

Helping the upturn was an increase in French cocoa grindings, which rose to 11,530 tonnes in the first quarter against 10,815 tonnes last year.

Big EEC sugar surplus expected

BY OUR COMMODITIES STAFF

THE EUROPEAN Community can expect a surplus of sugar for export in the 1979-80 season comparable with the 3.2m tonnes disposed of on world markets this year, Commission officials said in Brussels yesterday.

The first forecasts, Reuter reported, were based on expectations that the reductions in yields caused by the late start to the season would probably be compensated by the increase in the area sown to beet.

Community farmers planted an estimated 1.77m hectares with sugar beet this spring compared with 1.56m last year. This should produce some 10.6m tonnes of white sugar. Including about 400,000 tonnes produced by cane growers in French overseas dominions, total Community output would therefore be about 11m tonnes.

Figures on 1978-79 exports of sugar are not yet complete. With one week to go, the regular export tenders have so far resulted in exports of 2.38m tonnes of sugar, and it is estimated that a further 806,000 tonnes of sugar have been sold abroad through independent channels.

Negotiations on a new sugar regime for the Nine are expected to start this autumn. The aim is to renegotiate and possibly reallocate sugar production quotas for the season starting on July 1, 1980.

Mr. Finn Gundelach, EEC Agriculture Commissioner, is not expected to make any proposals before September.

Options open to Mr. Gundelach include retention of a quota system or abolition of the existing regime and replacement with a "free market" in which competition would determine the amount of sugar produced.

French producers are lobbying strongly for the latter option with refinements to force sugar substitute makers to help bear the cost of disposing of beet surpluses.

Bacon subsidy on way out

BY OUR COMMODITIES STAFF

THE RISING strength of sterling against other European currencies has now all but wiped out the monetary compensatory amount subsidies on meat and bacon imported into the UK from elsewhere in the Community.

The Meat and Livestock Commission forecast yesterday that the MCA on bacon sides from Denmark, which was more than £200 a tonne earlier this year, will drop almost £15 to £28.39 next week. And on indications so far, the Commission expects further reductions the week after next.

In spite of the cuts there were no changes in first-hand prices of bacon on the London Provision Exchange yesterday. But the beef market is once again feeling the pressure.

The MCAs on imported beef fall next week to 4.56p a kilo from 6.91p and the first hand price of Irish forequarter meat rose 2p a kilo yesterday.

In wholesale markets beef rose 2p a pound and retail prices have taken another jump upwards.

The cost of lamb, however, which is not affected by EEC compensatory mechanisms, is falling in line with a seasonal increase in output.

According to the Meat and Livestock Commission, retail prices of best cuts like leg and loin chops are down 2p a pound.

Prices of home produced eggs are unchanged this week, although imports from France and elsewhere are conspicuously cheaper. No two size British brown eggs were trading first-hand in London this week for up to 44p a dozen while French supplies were selling for 38.5p. Danish eggs were also cheaper than British.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Very steady on the London Metal Exchange as forward metal held in a narrow range trading throughout the day between £827 and £833 in relatively light turnover. The close on the Kerb was £833. Turnover 14,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	810-.5	+5.5	814-.5	[illegible]
3 months	829-.5	+4.5	832-.5	+8.5
Settlem't	810.5	+5.5	—	......
Cathodes				
Cash	787-8	+1	792-.5	+9
3 months	811-.5	+4.75	815-6	+9.75
Settlem't	788	+8	—	......
U.S. Smt.	—	......	*84-92	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £811, 10.5, three months £827, 28, 27.5, 27, 26, 26.5, 27, 27.5, 28, 29, 30, 29.5. Cathodes three months £811. Kerbs: Wirebars cash £810, three months £828.5, 29, 30, 31. Afternoon: Wirebars three months £834, 30.5, 30, 30.5, 33, 34, 33, 32.5, 31.5, 32, 32.5, 32. Kerbs: Wirebars three months £832, 33, 32.5, 32, 33.

TIN—Steady as far as forward metal was concerned, but there was renewed tightness on nearby supplies, owing to delayed vessels, and the backwardation widened sharply. Forward metal started at £6,830, fell to £6,770 on hedge selling and then recovered to £6,860 on covering against physical business. The close on the Kerb was £6,840. Turnover 1,245 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7000-50	—55	7150-70	+135
3 months	6795-800	—60	6830-50	+2.5
Settlem't	7050	—15	—	......
Standard				
Cash	7000-50	—55	7150-70	+135
3 months	6775-80	—70	6810-20	—2.5
Settlem't	7050	—15	—	......
Straits. E.	$1965	—9	—	......
NewYork	—	......	—	......

Morning: Standard three months £6,780, 70, 80, 90, 80, 75, 80, 75. Kerbs: Standard three months £6,780. Afternoon: Standard cash £7,030, 70, 65, 7,150, three months £6,780, 90, 85, 80, 90, 85, £6,810. Kerbs: Standard cash £7,400, three months £6,830, 50, 70, 80.

LEAD—Weak, although forward metal started steadily at £572-£574. With trade interest absent, small selling pushed the price down to a significant chart point at £560. This prompted chartist and stop-loss selling which petered out only in the region of £545-£547, where the market steadied. The close on the Kerb was £546. Turnover 9,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	572-4	—28	569-71	—27.5
3 months	546-7	—29	543.5-4.5	—26
S'ment	574	—28	—	......
U.S. Spot	—	......	*54-8	......

Morning: Cash £572, three months £563, 55, 54, 53, 52, 52.5, 52, 51, 48, 46, 48, 47, 48, 48.5, 47. Kerb: three months £547, 46. Afternoon: Three months £545, 44, 43, 42, 43, 45, 44, 45, 44. Kerbs: Three months £545, 46, 47.

ZINC—Lower in line with lead, but the falls were less marked. After starting at £343, forward metal drifted down to £334 and closed on the Kerb at £336. Turnover 5,375 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	320-1	—3.75	324-.5	—3.25
3 months	333.5-4	—3.5	336.5-7	—5.5
S'ment	321	—3.5	—	......
Prim w'st	—	......	*50.5	......

Morning: Cash £322, 21.5, 21, three months £340, 37, 38, 35.5, 35, 35.5, 36, 36, 34, 34.5, 34. Kerb: Cash £321, three months £334.5. Afternoon: Cash £324, three months £335, 34.5, 35, 36. Kerb: Three months £335, 36.

ALUMINIUM—Lost ground as continued long liquidation in an unreceptive market first took forward metal down from £695 to £665. But one large buying order lifted the price to £684. After this had been completed the price fell back to close on the Kerb at £676. Turnover 7,275 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	681-3	—18	675-7	—16.5
3 months	683-4	—17	678-9	—17

Morning: Three months £670, 68, 65, 68, 70, 71, 72, 73, 71, 72, 73, 74, 76, 77, 78, 79, 80, 82, 83. Kerb: Three months £680, 78. Afternoon: Three months £680, 81, 82, 83, 82, 79, 78. Kerb: Three months £678, 77, 76.

NICKEL—Quiet, overshadowed by lead. After being marked down from £2,740-£2,770 to £2,720-£2,740, forward metal traded between £2,710 and £2,720 for the rest of the day. Turnover 308 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	2710-20	—162.5	2720-30	—27.5

Morning: Three months £2,710, 20. Afternoon: Three months £2,720, 15, 20. Kerb: Three months £2,720, 15, 20.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.9p an ounce higher for spot delivery in the London bullion market yesterday at 411.05p. U.S. cent equivalents of the fixing levels were: Spot 918.50c, up 8.5c; three-month 938.6c, up 7.2c; six-month 956.6c, up 4.8c; and 12-month 996.5c, up 7.2c. The metal opened at 411½-412½p (921-923c) and closed at 413-414p (921-923c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	411.05p	+2.8	412.45p	+6.0
3 months	423.20p	+2.85	424.95p	+5.1
6 months	433.25p	+2.1	—	......
12months	455.25p	+3.5	—	......

LME—Turnover 176 (129) lots of 10,000 ozs. Morning: three months 424, 24.2, 24.1, 23.5, 23.8, 24, 24.5. Kerbs: three months 424.9, 25, 25.2, 25.5. Afternoon: three months 424.3, 24, 23.8, 23.5, 25.2, 25.1, 25, 24.8, 24.9. Kerbs: three months 424.8, 24.6.

COCOA

Cocoa futures initially opened lower but later steadied due to short-covering in thin volume to close marginally off the highs of the day, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
July	1419-1425	—50.0	1424-10
Sept.	1459-1444	—52.0	1460-33
Dec.	1530-1510	—57.5	1534-05
March	1576-1558	—52.5	1581-52
May	1601-1591	—51.0	1600-1585
July	1628-1618	—50.5	1630-10
Sep	1648-1645	—45.0	1656-35

Sales: 4,773 (4,806).

International Cocoa Organisation (U.S. cents per pound): Daily price July 11, 148.52 (150.72). Indicator prices for July 12: 15-day average 154.84 (155.44); 22-day average 155.29 (156.91).

COFFEE

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
July	1870-71	—17.5	1891-65
September	1890-95	—39.0	1932-88
November	1882-84	—46.5	1930-1878
January	1886-88	—47.0	1932-1884
March	1854-65	—64.5	1905-1855
May	1840-60	—57.5	1890-75
July	1850-60	—57.5	—

Sales: 6,530 (3,806).

ICS indicator prices for July 11 (U.S. cents per pound): Other Mild Arabicas 208.0 (209.0). Robustas ICA 1976 205.0 (same). ICA 1968 205.5 (same). Colombian Mild Arabicas 213.0 (same); Unwashed Arabicas 205.0 (same). Comp. daily ICA 1968 207.0 (207.17).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened unchanged to 5p higher on wheat, values eased throughout the day in very thin trading due to some selling pressure on the nearbys, to close 15-40p lower on wheat and 35p lower on barley, reported Acli.

	WHEAT		BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	91.40	—0.4	87.40	—0.35
Nov.	95.50	—0.35	91.40	—0.45
Jan.	99.50	—0.25	95.45	—0.35
Mar.	103.00	—0.15	98.75	—0.35
May	106.45	—0.15	102.05	—0.35

Business done—Wheat: Sept. 91.80-91.55, Nov. 95.80-95.50, Jan. 99.90-99.60, March 103.20-103.00, May untraded. Sales 48. Barley: Sept. 87.75-87.60, Nov. 91.65-91.55, Jan. 95.70-95.70, March 99.0-99.0, May untraded. Sales 36.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unq. U.S. Dark Northern Spring No. 2 14 per cent July 98.75, Aug. 99, Sept. 99.75, transhipment East Coast. U.S. Hard Winter 13½ per cent Aug. 101, transhipment East Coast. EEC unq. Maize: U.S./French July 107, Aug. 109, transhipment East Coast. S. African White unq. S. African Yellow Aug. 22 82.00 nom. Barley: English Feed fob Aug. 89, nom. Sept. 89.75, nom. South Coast Sept. 90, East Coast Sept. 91, Bristol Channel. Sorghum: U.S./Argentine unq. Oats: Scand. feed unq.

HGCA—Location ex-farm spot prices. Feed barley: N Lincoln 87.40, Hampshire and W Sussex 88.40.

The UK monetary coefficient for the week beginning July 16 will decrease to 1.146.

WOOL FUTURES

LONDON GREASY—Close (in order, buyer, seller only). July 218.0, 28.0; Oct. 218.0, 33.0; Dec. 218.0, 38.0; March/May/July/Oct./Dec. 228.0, 38.0. Sales 0.

NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller only). July 165.0, 80.0; Oct. 180.0, 88.0; Dec. 180.0, 90.0; March/May/July/Oct./Dec. 185.0, 93.0. Sales 0.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: July 401.0, 401.5, 404.0-400.0, 20; Oct. 398.0, 399.0, 400.5-397.0, 71; Dec 403.0, 405.0, 406.0-403.5, 35; March 410.5, 415.0, 413.0-411.0, 19; May 412.0, 413.0, 415.0-413.0, 15; July 415.0, 416.5, 417.5-415.5, 10; Oct. 416.0, 417.0, 417.5-416.5, 26; Dec. 416.5, 419.0, nil, nil. Sales 196.

BRADFORD WOOL—Dealers reported that although prices are nominally unchanged there is some feeling that business is increasing with prices already showing underlying improvement in sentiment as a result. Even so, the trade in general is still working on a hand-to-mouth basis.

RUBBER

The London physical market opened easier. Fair interest at lower levels, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 284 (288) cents a kilo (buyer, August).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Aug.	60.00-60.60	60.00-61.00	60.50-60.25
Sept.	61.40-61.50	61.60-62.10	61.50
Oct-Dec	65.35-65.45	64.05-64.15	64.15-63.05
Jan-Mar	65.90-65.95	66.55-66.60	66.80-65.55
Apr-Jne	68.25-68.30	68.95-69.05	68.85-67.90
Jly-Sept	70.50-70.55	71.05-71.20	70.55-70.35
Oct-Dec	72.65-72.70	73.20-73.35	72.80-72.60
Jan-Mar	74.60-74.90	75.40-75.45	74.90-74.60
Apr-Jne	76.80-76.85	77.50-77.60	76.95

Sales: 573 (506) at 15 tonnes and 11 at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.0p (59.50p); Aug. 53.5p (63.75p); Sept. 63.75p (64.0p).

SOYABEAN MEAL

The London market opened with gains of £1 but with lack of follow-through and a bearish interpretation put on last night's USDA's corn and wheat figures, prices soon drifted, reported T. G. Roddick. At lower levels good trade support and a reluctance of traders to sell enabled market to close steady.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
August	118.00-19.5	—1.95	120.00-17.10
October	123.00-23.2	—0.85	123.30-22.10
December	125.50-25.8	+0.5	126.60-24.50
February	126.50-27.5	+0.4	—
April	126.50-29.5	+0.6	—
June	127.80-30.8	—0.75	—
August	128.00-32.0	—1.0	—

Sales: 105 (171).

SUGAR

LONDON DAILY PRICE (raw sugar): £102.0 (£100.0) a tonne cif for July shipment. White sugar daily price was £102.5 (same).

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Aug.	107.80-07.90	106.30-06.35	108.25-06.25
Oct.	110.50-10.40	108.40-09.45	111.00-08.50
Dec.	114.25-14.30	113.30-13.35	115.00-13.50
March	121.20-21.25	120.00-20.05	122.00-22.50
May	124.10-24.20	122.80-22.85	124.50-23.25
Aug.	127.80-28.00	126.00-26.50	128.00-27.55
Oct.	131.20-31.25	129.25-30.25	131.75-31.20

Sales: 2,316 (2,891) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £173.0 (£170.5) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for July 11: Daily price 8.56 (8.72); 15-day average 8.49 (8.46).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Sept. 103.75, 104.50, 104.25-104.00, 35; Nov. 108.00, 108.50, 109.74-108.25, 59; Feb. 117.75, 118.00, 118.75-117.75, 26; April 121.75, 122.25, 122.50-122.25, 15; July 126.25, 126.75, nil, nil; Sept. 129.50, 131.00, nil, nil; Nov. 132.50, 135.00, nil, nil. Sales 135.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 281 tonnes, bringing the total for the week so far to 585 tonnes. Renewed pressure for supplies in certain areas resulted in a freer offtake. Most of the demand centred on North and South American growths.

*

HIDES—Manchester: Slightly firmer undertone. Second clear ox 31/35.5 kilos, 86.7p a kilo (85.6p withdrawn). 26/30.5 kilos, 92.8p a kilo (90.6p withdrawn). 22/25.5 kilos, 97.4p a kilo (90.0p). Cows 99.6p (96.6p withdrawn).

PRICE CHANGES

In tonnes unless otherwise stated.

	July 12 1979	+ or —	Month ago
Metals			
Aluminium	£710/60	......	£710/60
Free Mkt (cs)	$1470/90	—15	$1600/20
Copper			
Cash w'bar	£814.5	+9.0	£902
3 mth	£832.25	+8.5	£918.5
Cash Cathode	£792.5	+9	£868
3 mth	£815.75	+9.75	£892
Gold troy oz	$290.875	+1.25	$276.87
Lead cash	£570	—27.5	£695.5
3 mth	£544	—26.25	£636.5
Nickel	£3225.4	......	£3,225.4
Freemkt(cif)(lb)	265/300c	+17.5	280/90c
Platin'm tr'y oz	£165.0	......	£171
Free mkt	£185.5	+1.1	£200.9
Quicksil'ver	$300/330	......	$346/56
Silver troy oz	411.05p	+2.9	395.8p
3 months	423.20p	+2.85	407p
Tin cash	£7,160	+135	£7,450
3 mths	£6,815	—2.5	£7,317.5
Tungsten	$140.17	......	$137.52
Wolfrm 22.04 cif	$137/44	—1	$145/50
Zinc cash	£324.25	—3.25	£364
3 months	£336.75	—5.5	£375.5
Producers	$845	......	$845
Oils			
Coconut (Phil)	$1,175x	+20	$1,000
Groundnut	‡	......	‡
Linseed Crude	£405	......	£386
Palm Malayan	$669z	—1.0	$662y
Seeds			
Copra Philip	$740	......	$715
Soyabean (U.S.)	$329z	—4.75	$316.45
Grains			
Barley Futures	£91.40	—0.35	£90.30
Maize			
French No 3 Am	£107.2	—0.5	£110.5
Wheat			
No. 1 Red Spg.	£98.75	+0.25	‡
No2HardWint.	£101.0p	+0.25	‡
Eng. Milling †	‡	......	£107.5
Other commodities			
Cocoa ship't	£1,564.5	+22.0	£1,780
Future Sept.	£1,459.5	+17.0	£1,589.5
Coffee Ft'r Sep	£1,892.5	—58.0	£1,933.5
Cotton A'index	77.20c	+0.05	76.65c
Rubber kilo	59.0p	—0.5	65p
Sugar (Raw)	£102.0	+2.0	£102.0
Wooltp's 64s kl	268p	......	279p

* Nominal. † New Crop. ‡ Unquoted in tonnes, unless otherwise stated. p August. x July-Aug. t Sept. w Sept.-Oct. y Nov. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 65.0 to 70.0; Eire hindquarters 80.0 to 84.0, forequarters 44.0 to 46.0. Veal: English fats 65.0 to 72.0; Dutch hinds and ends 90.0 to 95.0. Lamb: English small 68.0 to 72.0, medium 66.0 to 70.0. Imported frozen: NZ PL 49.5 to 51.0, PM 49.0 to 50.0, PH 47.0 to 48.0. Pork: English, under 100 lb. 35.0 to 44.0, 100-120 35.0 to 43.0, 120-160 lb 34.5 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on July 12. GB Cattle 85.16p per kg l.w. (−4.70). UK sheep 152.0p per kg est.d.c.w. (−7.4). GB pigs 61.5p per kg l.w. (−1.5). England and Wales: Cattle numbers up 11.1 per cent, average price 84.40p (−5.28). Sheep numbers up 1.9 per cent, average price 152.0p (−7.4). Pig numbers up 1.6 per cent, average price 61.5p (−1.5). Scotland: Cattle numbers down 21.0 per cent, average price [illegible] (−2.99).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Cypriot: 5.00-6.00; S. African: Navels 4.60-6.30; Brazilian: 5.20-5.80; Californian: 7.50-7.60. Lemons—Italian: 100/120s 6.00-6.50; Spania: trays 30/40 [illegible] 2.50-3.00. Grapefruit—S. African: 32/64 3.60-5.10. Apples—S. African: Granny Smith 7.20-7.50, White Winter Pearmain 2.60-2.80, Starking 4.00-4.50, Yorks 5.50-6.30, Golden Delicious 5.80-6.50; New Zealand: Granny Smith 7.50, Sturmers 6.80-7.00, Delicious 6.50; Tasmanian: Jonathans 5.60, Golden Delicious 4.00, Sturmer Pippins 6.00-6.[illegible]; *Granny Smith 7.00; Victorian: Granny* Smith 7.40, Yates 7.50, Democrats 6.50; W. Australian: Granny Smith 7.40; Washington: Red Delicious per box 8.00-9.00; French: Golden Delicious 72s 2.30-2.40, 84s 2.00, jumble pack per pound 0.05-0.08; Italian: Rome Beauty 0.08-0.09, Democrats per pound 0.10. Pears—Victorian: Josephines 6.50, Packham s 7.50, Winter Nelis 7.00, Spanish: per pound Morettini 0.15, Limoncias 0.20. Plums—Spanish Santa Rosa 2.50-3.20, Gaviotas 3.20-3.30, Burbanks 2.60-3.00, Italian: Florentias per pound 0.15. Grapes—Cypriot: Cardinal per pound 0.50; Sultana/Thompson 0.50-0.60. Peaches—Italian: 1½ trays Ds 1.80, Cs 2.20-2.30, Bs 2.70-2.80, As 3.60-3.70; French: C/Bs 2.20-2.40. Nec-*tarines—Italian: D/As 4.00-7.00.* Apricots—Spanish: 3.20-3.60; Hungarian: 3.20. Cherries—Italian: 0.40. Bananas—Jamaican: per 26 pound 4.20. Avocados—S. African: 4.00-4.20. Melons—Spanish: small trays, green 3.50-4.00, Yellow Honeydew 10 kilos 6 11s 4.00-4.50.

English Produce: Potatoes—New crop per bag 2.00-2.20. Lettuces—per 12 round 0.80-1.00, Cos 1.40, Webb's 1.00-1.20. Mushrooms—per pound 0.55-0.65. Apples—per pound Bramley 0.05-0.09. Rhubarb—per pound outdoor 0.03-0.04. Tomatoes—per 12 lb 2.40-2.60. Cucumbers—tray 8.16s 1.40-1.60, prepack 2.20-2.40. Cauliflowers—12s Lincoln 1.20-1.60. Celery—boxes 12/30s 1.70-2.20. Strawberries—per ½ lb 0.09-0.18. *Gooseberries—per pound 0.14-0.16.* Levellers 0.20-0.30. Cherries—per pound 0.35-0.40. Peas—per pound 0.08-0.10. Broad beans—per pound 0.08. Onions—per bag 5.50-5.70. Carrots—per bunch 0.10, per bag 2.00-2.40. Beetroots—per bag 2.20. Raspberries—per ¼ lb 0.10-0.12½.

AMERICAN MARKETS

NEW YORK, July 12.

THE USDA crop production report proved bearish, causing all grains and the soya-complex to close limit down. Cotton also closed weak in sympathy with the grains. Rains in the Soviet Union favoured the sugar beet acreage, putting moderate downward pressure on sugar prices. Coffee was down the limit on Commission House liquidation, while cocoa found trade support ending with moderate gains. The livestock markets were mixed. Precious metals were sharply lower on Commission House selling ahead of President Carter's speech on Sunday night. Copper prices drifted moderately lower on mixed news about the U.S. economy, Heinold reported.

Potatoes (round whites)—Nov. 73.0 (65.0); March 87.5 (82.5); April 110.0, May 111.4.

*Gold—July 289.90 (291.70), Aug. 291.10-291.40 (293.20), Sept. 294.60, Oct. 296.50-296.80, Dec. 302.00-302.40, Feb. 307.60, April 312.00, June 317.00, Aug. 321.90, Oct. 326.70, Dec. 331.50, Feb. 336.30, April nil.

¶Silver—July 908.0 (917.0), Aug. 910.5 (921.5), Sept. 917.5, Dec. 939.5, Jan. 945.7, March 958.1, May 970.5, July 982.9, Sept. 995.3, Dec. 1013.8, Jan. 1020.0, March 1032.4, May 1044.8. Handy and Harman bullion spot 916.0 (907.5).

Copper—July 81.40 (81.70), Aug. 81.45 (81.80), Sept. 81.50, Dec. 81.80, Jan. 81.90, March 82.10, May 82.30, July 82.50, Sept. 82.70, Dec. 82.90, Jan. 83.00, March 83.10, May 83.[illegible]

CHICAGO, July 12.

Lard—Chicago loose 26.187 (26.25). New York prime steam unavailable.

Live Cattle—Aug. 69.55-69.40 (68.42-69.47), Oct. 67.45-67.50 (66.90-67.47), Dec. 69.20-69.05, Jan. 70.65 asked, Feb. 71.25-71.15, April 72.25 asked-72.10, June 73.60-73.50 asked, Aug. 73.05 bid, Oct. 72.50 bid, Dec. 73.05 bid. Sales: 24,842.

Live Hogs—July 41.20-41.10 (41.42-41.15), Aug. 37.80-37.70 (38.67-37.75), Oct. 35.80-35.65, Dec. 36.85-37.00, Feb. 39.20-39.10, April 39.00-39.02, June 43.30 bid, July 43.70 bid, Aug. 42.70 bid. Sales: 7,327.

‡‡Maize—July 307-307½ (316½), Sept. 307½-308 (317), Dec. 311½-311½, March 320¼-320¾ asked, May 323½-323½ asked, July 324½-324½ asked.

Pork Bellies—July 36.50-37.00 (36.75-36.75), Aug. 33.90-34.10 (34.57-34.00), Feb. 45.05-45.15, March 45.60 asked, 45.50, May 46.30, July 47.30 asked, Aug. 46.30 asked. Sales: 7,119.

Plywood—July 193.2 (193.8), Sept. 195.3 (196.2), Nov. 192.7, Jan. 193.0, March 195.8, May 198.0, July 199.5, Sept. 199.8 bid, Nov. 199.0 bid.

Shell Eggs—July 50.25 (50.50-50.25), Aug. 53.70 asked (53.95-53.75), Sept. 59.70 asked, Oct. nil, Nov. nil, Dec. 63.70 asked. Sales: 24.

†Soyabeans—July 755 (784), Aug. 759½-768 (787½), Sept. 757, Nov. 751¼-751¾ asked, Jan. 761¼ asked, March 771½ asked, May 778 asked, July 776½.

Soyabean Meal—July 202.00 (207.80), Aug. 200.50-201.00 (207.80), Sept. 202.00-202.50, Oct. 202.00-202.50, Dec. 203.50-[illegible].50, Jan. 200.00-205.50, March 208.00-207.50, May 208.00, July 207.50-208.50.

Soyabean Oil — July 28.25-28.30 (28.93), Aug. 27.95-27.90 (28.72), Sept. 27.70-27.80, Oct. 27.45-27.50, Dec. 27.20-27.25, Jan. 27.20, March 27.20-27.25, May 27.23, July 27.20, Aug. 27.15.

§Wheat—July 453½ asked (459½), Sept. 441¾-441¾ asked (461¾), Dec. 458½-458½ asked, March 458-458 asked, May 451¼ asked, July 422.

WINNIPEG, July 12. §Rye—July 169.40 bid (174.00), Oct. 167.30 (168.50-168.60 bid), Dec. 121.60 bid, May 161.30 bid.

§Barley—July 102.60 asked (103.00 bid), Oct. 98.40 (103.40), Dec. 99.00 asked, March 100.00 asked, May 100.00 asked.

§July—108.90 asked (111.00), Oct. 100.30 asked (104.40), Dec. 98.00 asked, March 97.30 asked, May 97.30 asked.

§Flaxseed—July 359.00 asked (238.50 asked), Oct. 343.00 asked (344.50 asked), Nov. 344.00 asked, Dec. 326.50 asked, May 333.00 asked.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 12.

Wheat—U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, Aug. $206. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat Aug. $203, Sept $205. U.S. No 2 Northern Spring wheat, 14 per cent, July $203, Aug. $204, Sept. $205, Oct. $209, Nov. $211.

Maize—U.S. No. 3 Corn Yellow afloat $156, July $155, Aug. $156.50, Sept. $157.50, Oct.-Dec. $160.50, Jan.-March $166.50.

Soyabeans—U.S. 2 Yellow Gulfports Aug. $326, Sept $328, Oct. $318.50, Nov. $317.25, Dec $321.50, Jan. $325.50, Feb. $329.25, March $329.75, April $331.50, May $332.25, June $333.25, July $334.50. Brazil Yellow FAQ unquoted. Argentine spot $309.50, afloat $311, July $311.50, Aug $315.50.

Soyameal—44 per cent protein U.S. afloat $247, July $250, Aug. $254, Sept. $258, Nov.-March $265, Aug.-Sept $270. Brazil Pellets afloat $253, July $255, Aug. $260, Sept. $265, Oct. $269, Nov. $275.

PARIS, July 12.

Cocoa (FFr per 100 kilos)—July 1350-1400, Sept 1385-1395, Dec 1425-1430, March 1460-1480, May 1470-1520, July 1475-1530. Sales 3.

Sugar (FFr per 100 kilos)—Aug. 925-940, Oct 1006-1007, Nov. 1000-1010, Dec. 1060-1065, March 1135-1140, May 1160-1165, July 1170-1190, Aug. 1180-1200. Sales 1.

INDICES

FINANCIAL TIMES

July 11	July 10	M'nth ago	Year ago
292.58	294.72	296.83	259.22

(Base: July 1, 1952=100)

MOODY'S

July 11	July 10	M'nth ago	Year ago
1090.8	1091.6	1090.2	915.5

(December 31, 1931=100)

DOW JONES

Dow Jones	July 11	July 10	Month ago	Year ago
Spot	413.15	415.19	412.70	353.33
F'tur's	427.61	427.97	416.92	341.46

(Average 1924-25-26=100)

REUTERS

July 12	July 11	M'nth ago	Year ago
1582.5	1586.1	1633.5	1442.5

(Base: September 18, 1931=100)

PUBLIC NOTICES

DUDLEY METROPOLITAN BOROUGH

£3.5m Bills issued 12.7.79. Maturing 11.10.79 at 13⁵⁄₁₆%. Total applications £35.5m. Bills outstanding £5.6m.

METROPOLITAN BOROUGH OF TAMESIDE

VARIABLE RATE REDEEMABLE STOCK 1983

The Council of the Metropolitan Borough of Tameside announces that the half-yearly payment of interest due on 12th January, 1980, on the above stock will be at the rate of £6.9219 (less income tax) per £100 of stock.

BOLTON METROPOLITAN BOROUGH COUNCIL

£2.5m Bills placed 11th July due 10th October, 1979 at 13⁹⁄₁₆%. There are no other Bills outstanding.

BIRMINGHAM COUNCIL BILLS

£8.0m 91-day Bills issued 12th July mature 11th October, 1979. Applications totalled £55m. Minimum accepted price £96.69. Average rate of discount £13.2764%. Total Bills outstanding £23.5m.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Shows at midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. PERSIAN MINIATURES. An Exhibition of seventeen pages from the Houghton Shahnameh. Until 24 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

ANTONY d'OFFAY, 9, Dering Street, New Bond Street. DAVID JONES. Mon.-Fri. 10-6. 01-629 1578.

BROD GALLERY, 24, St. James's St., S.W.1. 01-839 3871. Paintings by JAN BRUEGHEL THE ELDER, until 20th July. Weekdays 10-6. Sat. 10-1.

BROWSE & DARBY LTD., 19, Cork St., W.1. KEITH GRANT—RECENT PAINTINGS "A WINTER JOURNEY."

CRANE KALMAN GALLERY, 178, Brompton Rd., S.W.3. 01-584 7566. MODERN BRITISH, EUROPEAN AND AMERICAN PAINTINGS AND SCULPTURE. Mon.-Fri. 10-6. Sat. 10-4.

DAVID CARRITT LIMITED, 15, Duke Street, St. James's, S.W.1. COROT AND COURBET. Until 13 July. Mon.-Fri. 10-5.

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. RODNEY BURN, R.A. Eightieth Birthday Exhibition. Lr. GALLERY. Contemporary Artists of the English School.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. Sat. 10-1. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

MALL GALLERIES, The Mall, S.W.1. Paintings and Miniatures of Flowers, Animals and Toadstools by Suzanne Lucas, VPRMS, FRHS, SWA, UA. Mon.-Fri. 10-5. Sats. 10-1. Until July 14th. Adm. Free.

MALL GALLERIES, The Mall, SW1. Society of Women Artists 117th Exhibition. Daily (inc. Suns.) 10-5. Until 1 p.m. 25th July. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. EGON SCHIELE. Exhibition of watercolours and drawings, until 31 August. Mon.-Fri. 10-5.30. Sat. 10-12.30.

SABIN GALLERIES, 4, Cork Street, W.1. 01-734 6186. EXHIBITION OF ENGLISH PAINTINGS. 1611-1830. Monday-Friday 9.30-5.30.

BP speculation revives in absence of trade but equity leaders maintain firmer tone—Gilts easier again

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7
July 30	Aug. 9	Aug. 10	Aug. 21

* "New time" dealings may take place from 9.30 am two business days earlier.

The absence of any worthwhile business yesterday provided Stock Exchange traders with the opportunity to speculate about the Government's holding in British Petroleum. The sale of part of the administration's large stake has already been indicated and yesterday there was ample time to speculate on the timing and price of the prospective issue. BP consequently suffered a reaction to 1,245p before closing 30 down on balance at 1,250p.

Equity markets otherwise were notable only for individual features following trading announcements or bids. Imperial Group reacted swiftly from a higher early level of 99p to touch 92p on interim profits below hastily revived higher market predictions before settling only a penny down on the day at 95p, while Rothmans International fell 3½ to 64p on acute disappointment with the net dividend increase of 19 per cent. On the other hand, Cartiers Superfoods, suspended for much of the session, ended 10 up at 144p after news of the agreed bid of 150p cash per share from Tesco.

Despite the general lethargy, *the tone of leading shares held* surprisingly firm with comfort being drawn from predictions that the rate of UK inflation over the next few months may be slower than recent Treasury forecasts. The warning from Mr. Moss Evans of the Transport and General Workers' Union that unions must not be provoked too easily by Tory economic policies *also tended to* settle the market.

The FT 30-share index was thus able to post a small rise on the day as the general firmness negated the losses sustained by BP and Imperial; after being 2.2 up at noon, the index closed a net 1.2 higher at 469.8.

British Funds drifted easier on continuing thoughts that Minimum Lending Rate is likely to remain at its present level longer than recently envisaged. The possibility of new tap stocks being announced today was also a deterrent to potential buyers, so a midday rally proved to be brief and quotations were easing further after the official close of business. Among longer-dated stocks, falls extended to ⅜, while the shorts closed a maximum of ¼ lower.

Investment currency rates continued higher with a reasonable demand still finding sellers in a reluctant frame of mind. At the close, the premium was a further two points up at 29¾ per cent helped by the late easiness in sterling. Yesterday's SE conversion factor was 0.6964 (0.9114).

A total of 567 contracts were completed in Traded Options compared with the previous day's 437 and last week's daily average of 720. ICI were active, recording 136 deals while Shell, interim results due August 1, and Cons. Gold Fields attracted 105 and 101 trades respectively.

Banks steadier

Unsettled recently by rumours of a sizeable fund-raising issue in the offing, the major clearing banks gave a steadier performance yesterday and, with the exception of Midland, which eased 2 to 363p on concern about its worsening labour dispute, closed firmer for choice. NatWest at 358p, retrieved 3 of the previous day's fall of 10 and Barclays recovered 5 to 468p, after 470p. Elsewhere, Geode Durrant and Murray came on offer at 20¾p, down 1¼.

Insurances continued to drift lower on lack of support.

Breweries and kindred issues remained in quiet mood, the leaders hovering around the overnight level. Speculative support continued for Matthew Clark, 2 up at 150p, while Sandeman rose to 82p before closing only a fraction better on balance at 78p. Among regional brewers, Isle of Man concern Castletown jumped 20 to 300p following demand in a restricted market.

Most leading Building issues barely stirred from overnight levels, but BPB, at 296p, recovered most of the previous day's fall of 6. Timbers tended easier with Magnet and Southerns 10 down at 172p: the annual results are due next Tuesday. Phoenix also relinquished 10, to 123p, on a withdrawal of speculative support. Recent bid favourites Mallinson - Denny touched 70p before profit-taking left the close 1½ cheaper on balance at 68p, but G. H. Downing, a dull market on Wednesday on disappointing annual results, rallied 5 to 139p. Royco attracted a fair two-way business and firmed a penny to 49p.

ICI made early progress to 326p, but further selling of employees' shares left the close a penny cheaper on balance at 323p. Allied Colloids improved 2 to 94p; the annual results are expected next week. Elsewhere, Alginate, a thin market, firmed 20 to 370p.

MFI below best

Activity in selected secondary issues provided the main feature of otherwise lifeless Stores yesterday. MFI Furniture came to the fore on renewed buying ahead of next Wednesday's preliminary results and touched a 1979 peak of 178p before closing 8 up on balance at 176p. Publicity given to a broker's bullish circular prompted a rise of 3 to 57p in Kitchen Queen, while revived speculative interest left Peters 2 dearer at 58p. Wallis gained a similar amount to 68p but S. and U. softened a fraction to 19¼p and the 25 per cent Preference 1½ to 20p in reaction to the £3m loss for the year.

In Electricals, revived fears about the affect of the strength in sterling on the company's overseas earnings prompted fresh dullness in BSR which gave up 2 to 45p, while Eurotherm continued to reflect comment on the recent interim statement and lost 3 more to 327p. Racal, 4 cheaper at 453p, failed to benefit from acquisition news. Among the leaders, EMI encountered further selling at 104p, down 3, but Plessey contrasted with a rise of that amount to 113p.

The Engineering sector presented a mixed appearance. Among the occasional noteworthy movements, Howden Group responded to the good preliminary results and proposed one-for-two scrip issue with a rise of 8 to 102p, while Sheepbridge were supported and put on 6 to 103p compared with the bid worth about 113p per share from Guest Keen. Further sporadic demand left Green's Economiser up 3 more at 108p. By way of contrast, Alcan Aluminium came on offer at 128p, down 10, while B. Elliott gave up 5 to 210p. Smaller-priced issues to give ground included Bamfords, 2 cheaper at 30p, and West Bromwich Spring, a similar amount lower at 23p. S. W. Wood eased a penny to 54p following the annual results. Among the leaders, buying interest was shown in Guest Keen which put on 6 to 283p, while Hawker edged up 4 to 192p.

Suspended at the outset at 134p, dealings in Cartiers resumed at 145p with the close a net 10 higher at 144p following the agreed 150p per share cash offer from Tesco, ½ easier at 73p. Lennons shed a penny to 36p, after 35p, in response to the proposed £1.8m rights issue that accompanied the higher annual profits, but Amos Hinton, a particularly dull market of late on the chairman's gloomy remarks, rallied 7 to 90p. Elsewhere, renewed speculative interest *lifted Robertson 10 to 153p, but* George Bassett encountered sporadic selling and shed 7 to 106p. Despite the lower interim profits, Watson and Philip held at 45p.

Press comment drawing attention to the effects of a strong pound on overseas earnings left Trusthouse Forte 3 cheaper at 150p, after 149p. Ladbroke, pending the outcome of the casino licences court case, rallied 3 to 188p, *while the Warrants firmed* 5 to 111p. Speculative support was forthcoming for Savoy A which hardened a penny to 109p and the B shares, a thin market, advanced 20 to 640p.

Christie Tyler react

Little of interest took place among the miscellaneous Industrial leaders which closed *narrowly mixed*. Elsewhere, cautious comment on the record profits prompted profit-taking in Christie-Tyler which gave back the previous day's gain of 9 at 90p. BB and EA touched 93p following the higher annual profits but ran back late to close unaltered at 86p, while Valor rose 3 more to 85p on further consideration of the chairman's optimistic remarks about current-year trading. Following a drilling report, Broken Hill Proprietory hardened 10 to 535p, while buyers came for Burns Anderson, 45p, and Gestetner A, 115p, which both closed 5 better. Downs Surgical hardened 1½ to 47½p on the results, but the increased preliminary profits failed to impress United Gas Industries which eased 2 to 77p. *Continuing to reflect the further* six-week delay in publication of the 1978 annual report and accounts, Fairbairn Lawson dipped 2 further to 26p for a reaction on the week so far of 6.

Thoughts that a strong pound would encourage demand for overseas holidays prompted interest in Horizon which firmed 5 to 210p.

Business among Motor sectors drifted marginally lower in a quiet trade. Late selling left Lucas 5 easier at 257p, while Dowty shed 3 at 305p. Kwik-Fit, in contrast, added a penny to 57p following Press comment. Fodens were sold ahead of Thursday's annual results and closed 3 cheaper at 43p.

Paper manufacturers William Sommerville fell 7 to 65p in a thin market while, among Newspapers, Daily Mail A gave up 7 at 428p.

Conditions in the Property sector remained quiet, but prices tended firmer. Speculative interest was still being shown in Centrovincial issues, the Ordinary and Capital adding 4 apiece to 122p and 121p respectively. Corn Exchange, already *8 higher at 340p, held at that* level following the increased interim income, but Town and City, awaiting today's annual results, eased a fraction to 18½p.

A revival of fears that the proposed sale of part of the Government's holding in British Petroleum is not far off unsettled the Oil market yesterday. Naturally, BP were particularly affected and reacted to 1,245p before settling at 1,250p *for a fall of 30. Shell, however,* held relatively steady at 368p, down 4, following the announcement that consideration of payment of deferred dividends will be given at a Board meting on August 1. Elsewhere, Tricentrol fell 8 to 232p and Ultramar 8 to 308p, while Siebens (UK) eased 4 to 236p. Burmah, however, advanced 5 to 150p, buying interest being *stimulated* by reports of an increase in tanker freight rates and by the rise in the price of second-hand ships.

Encouraged by reports of an increase in tanker freight rates, buyers showed interest in the Shipping sector where Lofs were prominent with a gain of 4 at 62½p. Ocean Transport advanced 3½ to 97p, while P. and O. Deferred, 98p, and *John I. Jacobs*, 43p, improved 1½ apiece.

Textiles closed narrowly mixed, special situations again providing the bulk of business. Hollas rose a like amount to 75p, a gain of 5 since the annual statement on Wednesday. Mackinnon of Scotland, however, fell 2½ to 28p following the interim loss and cautious outlook on current trading. Tricoville eased a further penny to 72p, still reacting to the previous day's surprise withdrawal of the partial offer from German concern Damatex. The former's shares have fallen 16 in two days on the announcement.

Interim results from Imperial Group failed to meet best expectations, and the shares, up to 99p ahead of the statement, fell to 92p before rallying to close only a net penny off at 95p. Preliminary results from Rothmans International were above estimates, but disappointment with the dividend increase left the shares 3½ off at 64p.

Higher Golds

The higher investment dollar premium helped lift prices throughout the mining sector, but busines was at a low ebb and lacked a definite trend.

The Gold Mines Index was 3.6 higher at 165.4 and the ex-premium index rose 0.8 to 148.3. The firm tone of the bullion price led to a small-marking-up of prices, but turnover was light. Among the heavyweights, Western Holdings were ½ better at £17¼ and Vaal Reefs rose ¼ to £16¾. *Western Deep*, which met some late interest, were 42 harder at 825p.

London Financials were quiet but were a penny or so better where changed with Rio Tinto-Zinc, at 271p, Charter Consolidated, at 137p, and Gold Fields, at 216p. Only Selection Trust stood out with its first gain in recent trading sessions, closing 4 firmer at 474p. Elsewhere, De Beers finished 6 up at 358p.

Australians retained their recent steadier tone, but business was lighter than during the previous two days and features were few. One highlight was Australian Consolidated Minerals which rose 5 to 13p, following a overnight surge in Sydney. Otter Exploration held on to recent gains and hardened [illegible] 42p.

Activity in Tins was restrained but prices were generally higher reflecting both the level of the premium and overnight Far Eastern prices. Southern Kinta rose 10 to 190p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1050	208	—	225	1	—	—	1250p
BP	1150	108	—	135	8	—	—	„
BP	1200	58	2	110	—	148	—	„
BP	1300	6	5	82	1	100	5	„
Com. Union	140	4	—	15	1	21	—	141p
Cons. Gold	200	17	15	27	—	42	—	216p
Cons. Gold	220	5	17	16	2	29	—	„
Cons. Gold	240	1	—	12	22	22	—	„
Cons. Gold	260	¼	35	6	10	15	—	„
Cons. Gold	280	¼	—	2	—	6	2	„
Courtaulds	80	6	—	11	—	15	5	88p
Courtaulds	90	1½	—	5	1	8	—	„
Courtaulds	100	½	—	2½	—	4½	6	„
Courtaulds	120	¼	—	½	—	1½	5	„
GEC	330	23	20	48	—	59	—	351p
GEC	390	1	—	14	—	31	18	„
GEC	420	½	2	7	1	20	—	„
GEC	460	¼	—	4	—	14	11	„
Grand Met.	128	15	1	25	—	29	—	142p
ICI	340	5	17	19	—	28	30	325p
ICI	360	1	5	7	—	15	65	„
ICI	390	½	—	3½	—	8	30	„
ICI	420	¼	1	1	—	6	—	„
Land Secs.	280	17	—	33	—	42	8	296p
Land Secs.	300	3	2	21	5	32	—	„
Marks & Sp.	100	14	—	19	5	—	—	112p
Marks & Sp.	120	1	—	7	—	12	1	„
Shell	325	46	9	56	—	—	—	368p
Shell	350	21	19	38	9	46	—	„
Shell	375	7	35	21	2	34	—	„
Shell	400	1	—	15	22	21	9	„
Totals			181		86		160	
		August		November		February		
BOC Intl.	80	2	—	3½	—	7	73	75p
Imperial Gp.	90	7	86	10½	—	15	—	94p
RTZ	280	12	10	23	—	32	—	271p
RTZ	360	1	—	5	2	—	—	„
Totals			45		2		75	

FINANCIAL TIMES STOCK INDICES

	July 12	July 11	July 10	July 9	July 6	July 5	A year ago
Government Secs.	72.90	72.95	73.20	73.08	73.57	73.48	70.02
Fixed Interest	74.66	74.72	74.74	74.75	74.67	74.69	71.79
Industrial	469.8	468.6	475.7	468.7	471.0	467.7	473.6
Gold Mines	165.4	161.8	163.2	163.0	167.9	163.2	159.0
Gold Mines (Ex-$ pm)	148.3	147.5	150.0	152.5	157.9	153.8	107.3
Ord. Div. Yield	6.70	6.69	6.61	6.70	6.67	6.03	5.60
Earnings, Yld. % (full)	16.81	16.77	16.59	16.80	16.72	16.69	17.00
P/E Ratio (net) (*)	7.52	7.54	7.62	7.53	7.56	7.60	7.84
Total bargains	15,075	15,962	16,023	16,817	15,204	17,133	—
Equity turnover £m	—	70.73	65.99	52.36	73.61	86.23	81.71
Equity bargains total	—	12,872	12,741	11,024	10,680	12,058	17,548

10 am 469.5. 11 am 470.6. Noon 470.8. 1 pm 470.6. 2 pm 470.4. 3pm 470.1.

Latest Index 01-246 8026.

* Nil = 7.21.

Basis 10 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity, July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (6/6)	95.8 ([illegible])	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	July 12	July 11
Daily		
Gilt Edged	121.7	143.2
Industrials	132.6	134.4
Speculative	29.2	24.7
Totals	80.1	89.2
5-d'y Av'r'ge		
Gilt Edged	133.4	136.6
Industrials	124.6	125.8
Speculative	29.5	30.2
Totals	83.5	85.4

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (17)

BRITISH FUNDS (2)
Treas. 3pc 1979 — Treas. 3½pc '79-81

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 6pc 1976-80

BEERS (1)
Sandeman

STORES (3)
Canters A — Peters Stores
MFI Furniture

ENGINEERING (2)
Green's Economiser — Hall (Matthew)

FOOD (1)
Cartiers

HOTELS (1)
Warner Holidays A

INDUSTRIALS (3)
Cole (R. H.) — Provincial Laundries
Goodkind (W.) — 12pc Conv. '86-90

MOTORS (1)
Flight Refuelling

SHIPPING (1)
Lond O'seas Frghtrs.

TEXTILES (1)
Hollas

NEW LOWS (55)

LOANS (1)
USMC 9pc 1982

BANKS (2)
Grindlays — Ottoman Bank

BEERS (1)
Irish Distillers

CHEMICALS (2)
ICI — Reverzex

ELECTRICALS (1)
Dewhurst A

ENGINEERING (7)
Acrow A — CompAir
Alcan Aluminium — Garton Eng.
Bamfords — Ley's Foundries
Boulton (Wm.)

FOODS (2)
Brooke Bond — Rowntree Mackintosh

INDUSTRIALS (11)
Dyson (J. & J.) — Metal Box
Fairbairn Lawson — Reckitt & Colman
Gomme Hldgs. — Rockware
L.R.C. Intl. — Waterford
Marshall (Loxley) A — Wilkinson Match
Marshall's Universal

INSURANCE (5)
Hogg Robinson — Stenhouse
Minet — Willis Faber
Sedgwick Forbes

MOTORS (3)
Brown Bros. — Wadham Stringer
BRG Intl.

PAPER (1)
DRG

SHOES (1)
Footwear Inds.

TEXTILES (1)
Martin (A.)

TRUSTS (18)
British Investment — Scottish Inv.
Caledonian Trust — Scot. Mort. & Trust
Do. B — Scot. Western
Clydesdale Inv. B — Do. B
Edinb. Amer. Trust — Sec. Great Northern
Glenderon Inv. B — Secs. Trust of Scot.
Northern American — Witan Inv.
Northern Secs.

OILS (1)
Sceptre Res.

MINES (1)
Impala Plat.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	53	27
Corpns., Dom. and Foreign Bonds	5	4	55
Industrials	184	231	[illegible]
Financial and Prop.	52	128	326
Oils	4	24	10
Plantations	2	5	24
Mines	72	14	56
Others	72	18	60
Totals	395	478	1,546

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13

For rate indications see end of Share Information Service

Call options were done in Armstrong Equipment, Cons. Gold Fields, St. Piran, Burmah, Shell, Bambers Stores, LRC, Savoy A, Ladbroke, ICI, Spillers, Britannia Arrow, Westland Aircraft, Barker and Dobson, Magnet Metals, Sirdar, John Brown and Alpine Holdings. No puts or doubles were reported.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	10	1250	−30	1295	882
ICI	£1	9	323	− 1	415	323
Imperial Group	25p	8	95	− 1	108	82
LASMO	25p	8	246	− 4	284	124
MFI Furniture	10p	8	176	+ 8	178	54
Beecham	25p	7	525	—	755	520
Cons. Gold Fields	25p	7	216	—	268	178
Trusthouse Forte	25p	7	150	− 3	198	127
EMI	50p	6	104	− 3	144	94
GEC	25p	6	351	+ 1	456	311
Hoffnung (S.)	25p	6	58	—	84	58
Marks & Spencer	25p	6	112	+ 1	134	83
Sheepbridge Eng.	25p	6	103	+ 6	105	62
Shell Transport	25p	6	368	− 4	403	278
BAT Inds.	25p	5	268	—	362	255

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p.	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	85	......	2.46	3.8	2.9	16.2
[illegible]	F.P.	..	76	66	††Delight 10p	71	......	bd5.0	2.2	10.1	6.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., July 12, 1979: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. July 11 Index No.	Tues. July 10 Index No.	Mon. July 9 Index No.	Fri. July 6 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (74)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS (DURABLE) (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Motors and Distributors (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS (NON-DURABLE) (171)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Stores (41)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Tobacco (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Miscellaneous (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (116)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Thurs. July 12	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.	Thurs. July 12	Wed. July 11	Year ago (approx.)
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]

	Thurs. July 12 Index No.	Yield %	Wed. July 11	Tues. July 10	Mon. July 9	Fri. July 6	Thurs. July 5	Wed. July 4	Tues. July 3	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$8.08		—	—

Net asset value July 9.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£12.55	12.60	−0.21	12.11

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	—	7.94

Next dealing July 16

Gov't Secs. Tst.	94.5	98.0	—	12.76

Next dealing July 16.

East & Intl. Tst (CI)	101	108	+3	3.47

Next dealing date July 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48		—	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	109.25	109.81xd	—	8.42

Prices at July 5. Next sub. day July 11.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	F.S58.93	60.75	+0.22	8.09

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Intl. Fund	86.1	91.4xd	+2.0	5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	46.0	48.4xd	—	12.70
Unidollar Trust	$US11.67	12.27	—	1.66
Unibond Trust	$US98.64	99.53	—	9.00

1, Thomas St., Douglas, Isle of Man. 0624 4856

Unicorn Aust. Ext.	40.2	43.3xd	—	2.10
Do. Aust. Min.	31.2	33.6	+0.6	1.80
Do. Grtr. Pacific	66.3	71.3	—	—
Do. Intl. Income	36.1	38.9	—	9.00
Do. Isle of Man Tst.	46.0	49.5xd	—	9.10
Do. Manx Mutual	26.5	28.5	—	1.80

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,328	1,467	—	2.40
Bondselex	117.00	122.75	—	2.40
Central Assets	£147.67	147.75	—	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.44	9.49xd	—	11.75
Gilt Trust (I.o.M.)	108.4	111.2	—	11.75
Gilt Fnd. Guernsey	9.84	9.88xd	—	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.10	21.21	—	—
First Intl.	US$234.03	234.67	—	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest	LF1,128		+10	4.26
Guernsey Inc.	67.0	71.0	—	4.61
Do. Accum.	85.2	90.2	—	4.61
KB Far East Fd.	US$13.27		—	2.26
KB Gilt Fund	£10.72	10.79xd	—	11.58
KB Intl. Fund	$US12.67		+0.19	2.21
KB Japan Fund	US$31.36		—	0.95
K.B. U.S. Gwth. Fd.	US$13.77		—	1.45
Signet Bermuda	$US5.28xd		—	1.80
K.B. Int. Bd. Fd.	$101.23xd		—	8.20

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561

Lloyds Tst. O'seas	52.1	54.8	—	2.75

Next dealing July 16.

Lloyds Trust Gilt	£10.14	10.15xd	—	11.75

Next dealing July 18.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF339.50	363.50	—	1.20
Lloyds Int. Income	SF293.0	304.5	—	5.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic July 10	US$3.67	4.02	—	—
Aus. Ex. July 11	US$2.89	3.27	—	—
Gold Ex. Acc.	US$18.68	20.75	—	—
Island	139.7	148.7	−0.7	4.01
(Accum Units)	203.5	216.5	−1.0	4.01

Midland Bank Tst. Corp. (Jersey) Ltd.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
98 3/32	94 5/8	Treasury 3pc '79‡‡	98 3/32	+1/32	3.06	13.20
98 5/8	95 3/8	Electric 4¼pc '74-79	98 1/8	+1/32	4.33	13.32
100¼	54 5/8	Treasury 10½pc '79‡‡	99 1/16	.....	10.60	13.29
97½	94½	Electric 3½pc '76-79	97 1/8	.....	3.60	12.14
99 3/8	95 7/8	Treasury 9pc 1980‡‡	97 5/8	.....	9.22	12.82
99 5/8	95 13/16	Treasury 9½pc '80‡‡	97 3/16	.....	9.74	12.53
97	92¾	Treasury 3½pc '77-80	95¼	–1/8	3.67	8.93
97 3/8	92¾	Funding 5¼pc '78-80‡‡	96 1/8	–1/8	5.46	9.68
103 5/8	99 1/16	Exchequer 13pc 1980‡‡	100 1/16	–1/8	12.94	12.54
102¼	96 1/16	Treasury 11½pc 1981‡‡	99 3/32xd	–1/8	11.59	12.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.73	7.75

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

85	80	5pc Stock '77-82	84	.....	5.94	11.23

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
103¾	98¼	FFI 13pc 1981	100½	.....	12.94	12.60
107	100	Do. 14pc '79	101	.....	14.24	—
108¼	98¾	Do. 14pc '83	103½	.....	13.53	12.91
86½	77½	ICFC 5½pc Deb. '80-82	84½	.....	6.66	12.20
85	71½	Do. 6¼pc Db. '81-84	78½	.....	8.08	12.18
99	84½	Do. 10½pc Uns.Ln. '86	91½xd	.....	11.47	12.40
99	84½	Do. 11pc Uns.Ln. '88	92½xd	.....	11.89	12.38
101½	84	Do. 11¾pc Uns.Ln. '90	94½xd	.....	12.43	12.70
72½	57	Do. 7¼pc A Deb. '89-92	66	.....	11.17	12.80
69	53½	Do. 7½pc A Db. '91-94	66	.....	11.42	12.78
81½	64½	Do. 9pc 'A' '91-94	77½	–¼	12.09	12.90
78½	62½	Do. 8¾pc Ln. '92-97	75¼	.....	12.20	12.80
101	95½	Do. 12½pc Uns.Ln. 1992	100	.....	12.88	12.90

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
30	22	Antofagasta Rly.	30	.....	—	—
45	37	Do. 5pc Pref.	45xd	.....	—	—
98	98	Chilean Mixed	98	.....	—	£3.10
31	18	Chinese 4½pc 1898	25	.....	—	—
35	24	Do. 5pc 1912	24	.....	—	—
20	12	Do. 5pc 1925 Boxer	12	.....	—	—
430	400	German Yng. 4½pc.	400	.....	4½	—
52	38	Greek 7pc Ass.	38	.....	3½	9.35
51	37	Do 6pc 28 Stab. Ass.	37	.....	6	8.39
42	33	Do 4pc Mixed Ass.	34xd	.....	4	5.88
52	42	Hung. '24 Ass.	52	.....	—	5.10
68	68	Iceland 6½pc '83-88	68	.....	—	13.05
90½	78½	Ireland 7½pc '81-83.	84¾xd	.....	7½	12.44
87½	69	Do 9¾pc '91-96	85½	.....	12.66	12.27
320	230	Japan 4pc '10 Ass	250	+5	—	—
73	65	Do 6pc '83-88	70xd	.....	6.00	11.20
160	135	Peru Ass. 3pc	150	.....	3	1.75
75p	75p	S.G.I. 6½pc 1980	75p	.....	6½	8.67
$94½	$94½	Turin 9pc 1991	$94½	.....	9	9.53
DM91	DM91	Turin 6½pc 1984.	DM91	.....	6½	8.45
97	95	Uruguay 3½pc	97	.....	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 11⅞% (based on US$2.2310 per £)
Conversion factor 0.6964 (0.9114)

CANADIANS

[illegible]

S.E. List Premium 11⅞% (based on $2.5863 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	13	Dawes (G. R.)	13	.....	—	—	—	—
£121	£70	Deutsche Bank DM50	£71¼	+1¼	Q18%	—	3.3	—
90	63	F. C. Finance	65	.....	2.2	4.9	4.8	6.0
8¼	5¼	First Nat. 10p	6¼	–¼	—	—	—	0.5
4	2	Do. Wrnts. 75-83	2½	.....	—	—	—	—
16¼	13¼	Fraser Ans. 10p	13¼	.....	—	—	—	—
266	178	Gerrard Natnl.	262	+1	9.12	—	5.0	—
62	39	Gibbs (A.)	43	.....	2.2	—	7.3	—
270	217	Gillett Bros. £1.	262	.....	16.95	—	9.2	—
29	19	Goode D't Mry. 5p	20¼	–1¼	0.25	—	1.7	—
153	115	Grindlays	115	–1	3.07	7.5	3.8	3.6
120	96	Guinness Peat	96	–1	H5.67	—	8.4	—
330	173	Hambros	310xd	.....	10.92	—	5.0	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

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[illegible]

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[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INSURANCE—Continued

[illegible]

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MINES

CENTRAL RAND

[illegible]

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[illegible]

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[illegible]

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[illegible]

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DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12½	......	—	—	—
171	102	Bougainville 50 Toea	110	+2	Q15c	1.0	7.0
140	84	BH South 50c	91	+3	—	—	—
860	340	Central Pacific	830	+30	—	—	—
318	182	Conzinc Riotinto 50c.	186	–2	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	18	......	—	—	—
21½	11	Endeavour 20c	13½	+½	—	—	—
98	62	G.M. Kalgoorlie $1.	84	......	Z03c	—	1.8
42	23	Haoma Gold N.L.	28	+2	—	—	—
208	148	Hamptn Areas 5p.	190	......	♦3.55	2.0	2.7
71½	25	Metals Ex. 50c	40	–1	—	—	—
275	168	M.I.M. Hldgs. 50c	282	+4	†Q9c	1.7	2.6
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	38	......	—	—	—
44	15	Newmetal 20c	16	......	—	—	—
141	91	North B. Hill 50c	99	+5	†Q8c	1.3	4.1
22	11	Nth. Kalgurli	14½	......	—	—	—
40	22	Nth. West Mining	26	+1	—	—	—
137	84	Oakbridge $A1	87	......	Q12c	1.9	7.3
37	22	Oilmin N. L.	30	–1	—	—	—
120	58	Pacific Copper	62	–2	—	—	—
£10¾	625	Pancont'l 25c	787	–13	—	—	—
25¾	15½	Paringa M&Ex.5p	20	......	—	—	—
510	268	Peko-Wallsend 50c	304	+4	Q15c	3.3	2.6
340	145	Southern Pacific	315	+5	—	—	—
188	121	Westn. Mining 50c.	133	+1	†Q3c	0.7	1.2
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c.	50	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	25	......	2.81	1.3	16.1
435	265	Ayer Hitam $M1	305	+10	Q300c	0.5	21.1
72	51	Berait Tin	51	–1	4.0	3.3	11.2
270	175	Berjuntai $M1	190	+5	†Q110c	1.0	14.1
160	125	Geevor	125	......	8.71	3.1	10.0
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	330	......	†18.0	1.4	7.8
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	8.0	5.3	13.1
14	9½	Jantar 12½p	10	......	♦	—	—
95	58	Kamunting $M0.50	73	+5	†Q12.5c	2.1	3.7
620	210	Killinghall $M1	350	......	—	—	—
465	365	Malay Dredging $M1	380	......	†175c	0.7	1.7
57	28	ΔPahang	30	......	—	—	—
123	60	Pengkalen 10p	105	......	4.5	1.2	6.4
275	195	Petaling $M1	205	......	†Q120c	1.3	12.6
85	65	Saint Piran	66	......	†2.03	6.5	4.4
58	45	South Crofty 10p	45	–1	†4.19	2.0	13.3
230	170	South Kinta $M0.50	190	+10	†sQ145c	0.6	16.4
405	285	Sthn Malayan $M1	345	+5	†Q190c	1.0	11.8
310	210	Sungei Besi $M1	270	+5	Q520c	ϕ	54.5
75	48	Supreme Corp. $M1	48	......	Z010c	—	4.5
105	94	Tanjong 15p	95xd	......	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	+5	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	69	......	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	65	......	—	—	—
13½	10	Burma Mines 17½p	12	......	—	—	—
345	170	Cons. Murch. 10c.	275xd	+5	Z030c	—	5.6
410	325	Northgate C$1	345	......	—	—	—
362	226	R.T.Z.	271	......	11.5	2.7	6.1
31	18	Robert Mines	27	......	—	—	—
65	34	Sabina Inds. C$1	36	......	—	—	—
880	575	Tara Exptn. $1	575	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14¾	–⅛	Q200c	ϕ	16.4
$15½	890c	East Drie R1	$13¼xd	......	†Q115c	1.6	10.6
$10¼	350c	East Rand Pro. R1	975c	+13	†Q10c	—	1.2
$27½	$18¾	F.S. Geduld 50c	$26	–¼	†Q315c	2.4	14.7
$19⅝	$11⅛	Pres. Brand 50c	$18⅞	......	†Q150c	3.2	9.9
$18⅞	$10¼	St. Helena R1	$16½	......	†Q190c	1.4	14.0
760c	407c	Stilfontein 50c	675c	+5	†Q66c	ϕ	11.8
$34½	$18¾	Vaal Reefs 50c	$32½	–⅛	Q280c	2.7	10.4
$50¼	$28¾	West Drie R1	$46½xd	+¼	Q615c	1.7	16.0
$35¾	$22⅞	West Hldgs. 50c	$34¼	+¼	†Q415c	1.4	14.7
$16¼	$10⅜	Western Deep R2	$16½	+½	Q147½c	2.1	10.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 30

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv. 20p	26	......	Sindall (Wm.)	155	......
Bertam	26	+1	**IRISH**		
Bdg'wtr. Est. 50p	405	......	Conv. 9% '80/82	£86⅞	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅝	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£84⅞	–⅛
Dyson (R. A.) A	26	......	Alliance Gas	62	......
Ellis & McHdy	68	......	Arnott	350	......
Fife Forge	54	......	Carroll (P.J.)	98	......
Finlay Pkg. 5p	20	......	Clondalkin	82	......
Graig Ship. £1	312	+7	Concrete Prods.	88	......
Higsons Brew	78	......	Heiton (Hldgs.)	80	......
Holt (Jos) 25p	260	+3	Ins. Corp.	210	......
I.O.M. Stm. £1	168	......	Irish Ropes	80	......
Pearce (C. H.)	250	......	Jacob	38	–4
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrshmt	95	......	Unidare	83	......

OPTIONS

3-month Call Rates

Industrials					
		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lots"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¾
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd	26	Thorn	35	Cons. Gold	20
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Financial Times Friday July 13 1979

Competition Bill to limit price rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT yesterday published its Competition Bill aimed at encouraging market forces to limit price rises in the long term.

The Bill, which has been delayed because of pressure on Parliamentary time, is very much along the lines announced last month by Mr. John Nott, Trade Secretary.

The Price Commission is to be scrapped and instead the powers of the Office of Fair Trading and the Monopolies and Mergers Commission are to be strengthened.

The Bill will in particular extend the powers of the OFT and the Commission to cover the nationalised industries. The first batch of these investigations could include the Post Office.

allowing the OFT to investigate

But the Bill's new power any price rise of "public concern"—at the direction of the Trade Secretary—is unlikely to be used extensively. The power is seen as more of a political weapon to be used in particular circumstances.

The Bill enables the director general of fair trading to carry out a preliminary investigation as quickly as possible on whether prima facie evidence exists that a company or group of companies are using anti-competitive practices.

The definition of anti-competitive practices has deliberately been left as broad as possible to avoid a rigid interpretation of the law. The OFT is expected to investigate practices which have been publicised by the Price Commission over the past two years as well as those contained in the Labour Government's green paper on restrictive trade practices, which was published earlier this year.

If the OFT's investigation reveals an anti-competitive practice it can be referred to the Commission for a fuller investigation.

If the report finds an anti-competitive practice taking place which is against the public interest, the Trade Secretary can either ask a company to voluntarily abandon it or force it to stop.

The Competition Bill will:

- **abolish the Price Commission**
- **give the Office of Fair Trading powers to refer, after a short investigation, anti-competitive practices to the Monopolies and Mergers Comsion.**
- **the Commission will report within six to nine months on whether the practice operates against the public interest. If so, the company can either voluntarily stop the practice or be forced to by the Trade Secretary.**
- **nationalised industries and other public bodies will be liable to investigations into abuse of monopoly power, efficiency, costs, and the service provided.**
- **the OFT will have power to investigate any price rise deemed by the Trade Secretary to be of public concern.**

In the public sector, the Commission can be asked directly by the Trade Secretary to investigate the efficiency, costs, and services provided to consumers.

The CBI, which privately is understood to have voiced fears that the new Bill might be too tough on industry, said last night that "the Government seems to have gone some considerable way towards meeting our suggestion that the new powers for investigating anti-competitive practices should be precisely defined."

The CBI also said it had received assurances from the Government about "the future of highly sensitive files accumulated by the Price Commission."

The National Consumer Council welcomed the tougher competition proposals but called for stronger action on prices.

Parliament, Page 10
Editorial Comment, Page 18

British Gas attacked by chemicals industry

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BRITISH GAS was accused yesterday of "strangling" its industrial customers and of putting UK chemical companies at a severe disadvantage compared with Continental competitors.

Chemical Industries Association leaders told an all-party group of MPs that the UK chemical industry "is going to be the only one in Europe seriously affected by oil and gas shortages and the only one to bear a gas price linked directly to OPEC oil prices." The 60 MPs who attended the meeting were warned that British chemicals production could be cut back by about 10 per cent as a result.

The association stressed that in France, West Germany and the Netherlands—the UK's main competitors in chemicals—and in Norway and Switzerland, oil and gas supplies were "adequately available to meet industry's requirements." Gas prices for industry in these countries were also about half those in the UK.

"Although oil supplies are at market prices, gas supplies are available on long-term contracts at around 12p to 14p a therm *compared to the 25p a therm* which applies to firm supplies (as opposed to supplies which can be interrupted) in the UK as from June 1 this year."

Last year British Gas had increased supplies to its domestic and commercial customers by 10 per cent while those for industry had been increased by only 1 per cent. This was because industrial supplies had been priced at a level determined by external oil prices while domestic tariffs had been on a promotional basis in competition with night-rate electricity.

The association hoped UK policy could be changed to give *industry, at the very least, parity* of treatment with the domestic user.

"With gas oversold to the domestic market, UK industry finds itself unable to turn to gas now that oil is short and, even if supplies were available, would be paying Organisation of Petroleum Exporting Countries' prices to swell the coffers of the British Gas Corporation which last year made, in conventional accounting terms, a profit of more than £564m on a capital employed of £2.1bn.

"While one appreciates the need to set prices for energy which encourage conservation, the present gas supply policy is feather-bedding the domestic user and strangling the industrial user, and, we believe, needs fundamental reconsideration."

The MPs heard that the true shortage of fuel oils to the UK chemical industry, based on 1979 market opportunities, was probably between *10 per cent* and 15 per cent — considerably more than the 5 per cent average reduction on last year referred to by Mr. David Howell, the Energy Secretary. If a 10 per cent to 15 per cent shortage continued throughout the year, chemicals output would have to be restricted by a similar proportion.

The Chemical Industries Association leaders also spelt out the dangers of cheap American chemical imports coming into the European market. As a result *of* U.S. Government policy, the average price of crude oil there was 25 per cent lower than in the European Economic Community. Gas prices in the U.S.—where gas is used as a major raw material for petrochemicals—were also far below world energy prices.

These prices were to be brought into line with world prices but only slowly—oil by the end of 1931 and gas by 1985. Meanwhile crucial intermediates for the petrochemical industry, such as ethylene and propylene, were costing between 70 per cent and 80 per cent more in Europe than in the U.S.

The association said after the meeting, that MPs had seemed to be startled and impressed by the figures.

The association added that, if *UK gas prices for industrial* users continued to be held in line with oil products, they would soon rise to over 30p a therm. Yet British Gas could hold down gas prices for industry without having to increase tariffs for domestic *users*—and still make "a colossal profit."

Energy Review, Page 14

Nigeria to increase oil stake

BY RAY DAFTER IN LONDON AND MARK WEBSTER IN LAGOS

THE NIGERIAN Government is to increase its equity stake in domestic oil operations from 55 to 60 per cent. The move has come as a surprise to companies involved in joint ventures with the Nigerian National Petroleum Corporation, such as Shell, British Petroleum and Gulf Oil, which now face a reduction in their crude oil entitlements.

The proposed increase in the state's oil interest, confirmed by the state petroleum corporation will bring the Government's equity participation in line with that in many other foreign companies.

Terms of the deal have yet to be worked out. British Petroleum would say no more last night than: "We will be talking with the Nigerians about the proposed increase in equity." The Government has said it wants all the negotiations with the oil companies to be completed by August 1.

Shell and BP are the major producers in Nigeria. Their jointly-owned undertaking, operated by Shell, accounted for well over half Nigeria's output during the first four months of this year: some 1.38m barrels a day out of a Nigerian production of 2.43m b/d.

Other important producers are Gulf Oil (389,000 b/d during the January-April period), Mobil (269,000 b/d) and ENI-Phillips (233,000 b/d). Elf, Texaco, Standard Oil of California, Ashland Oil, Pan Ocean and Tenneco also have Nigerian interests.

Companies are concerned that, under the terms of the equity agreement, they will have to accept a reduction in their entitlement. While they will hope to arrange buy-back contracts Nigeria has shown a marked preference for selling its share of recently increased production more to third party buyers than to the oil companies involved in exploration.

With the market for oil still extremely tight, Nigeria's production has been running at record levels of over 2.4m b/d compared with the average in 1978 of only 1.9m b/d. The price of the best grades of high quality Nigerian crude is now about $23.50 a barrel.

In Lagos oil men accept that the Government seems anxious to tie up loose ends before handing over to the new civilian administration on October 1. The Government considered the oil companies' 45 per cent stake in operations, instead of the more usual 40 per cent, to be an anomally.

The move also reflects a growing confidence in Nigeria's oil industry now that both demand and prices are riding high. Oil accounts for 90 per cent of Nigeria's export earnings, 80 per cent of Government revenue and 30 per cent of gross domestic product.

Oil's importance to the economy was demonstrated dramatically last year when a world glut of light crude oil and pressures on prices forced the Government to slash its expenditure. The economy is recovering only now from that decline experienced last year.

Nigeria's oil policy, Page 2

Methven backs court action over pickets

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

EMPLOYERS WILL not shrink from taking pickets to court when the Government's proposed labour law changes come into force, Sir John Methven, director-general of the Confederation of British Industry, said yesterday.

He also warned that there was "overwhelming hostility" to the "mailed fist of union power" and said that the unions' policy of maximum resistance to the proposed legal changes could result only in more confrontation and strikes.

Sir John said, in London, that he believed that employers would go to court over secondary picketing once the law was changed because there would then be no doubt about whether such redress was possible. During last winter's strikes, there had been doubt about whether it was possible to obtain injunctions.

"The country is overwhelmingly behind what the Government wants to do," he said later in a speech to the Henley Administrative Staff College.

"There is overwhelming hostility to the mailed fist of union power. People are tired of disruption and the continual threat of it."

The Government was proposing only a "moderate trimming of excess power" through the use of civil, not criminal, law, said Sir John:

- Lord Denning, Master of the Rolls, said last night on television that he would be against prison as a punishment if secondary picketing were made unlawful.

GKN aids public expenditure cuts. Page 6

Energy demand 'can drop to target level'

BY ROBERT MAUTHNER IN PARIS

THE MAIN oil consuming nations of the West are reasonably confident that they will reach their target, set earlier this year, of reducing their demand for oil on the world market by 5 per cent, or 2m barrels a day, in 1979.

This was one of the main conclusions of a meeting in Paris of the 20-nation International Energy Agency's governing board, which reviewed the decisions on energy taken at the recent western summit in Tokyo and discussed further steps to reduce oil consumption.

Contrary to the conventional belief that the U.S. is lagging behind other industrialised countries in the saving of energy, the IEA's secretariat now claims that the U.S. performance has been "reasonably good" and that oil consumption cuts have already reached the 5 per cent target in the second quarter of this year.

The IEA experts are basing their calculations on a reduction of projected oil consumption for 1979 and not on a cut from last year's consumption level. For the organisation's members as a whole, projected consumption was expected to rise by 1.8 per cent in 1979. A reduction of 5 per cent in projected oil demand corresponds to a cut of no more than 3.2 per cent in real terms.

Using the IEA's controversial method of calculation, U.S. demand for oil was reduced by 5.2 per cent in the second quarter of this year, the UK's by 5.4 per cent and West Germany's by 3.3 per cent. But Japan's consumption rose by an unspecified amount.

The lower economic growth prospects for almost all industrialised countries as a result of the large oil price increase this year will make the IEA's target much easier to attain.

But Mr. Niels Elsboell, the Danish chairman of the governing board, stressed that some extra action would have to be taken by member countries to make certain that the 5 per cent target was reached by October. It will precede an OPEC meeting in Caracas in December, at which it is hoped the oil producers will respond to the oil-saving measures of the consumer countries.

A new package of energy measures will be discussed by the IEA at an informal meeting in Copenhagen in September and a full meeting of its godverning board in Paris the following month.

Split over Suez oil. Page 3
Carter rationing plan, Page 3

Continued from Page 1

German interest rates

In Paris, the Bank of France raised its discount rate on treasury bills by ¼ of 1 per cent across the board.

Dr. Otmar Emminger, the Bundesbank President, described the West German increases as "very moderate."

He suggested they had been widely expected and had been largely taken into account already by the currency and capital markets. The main object was to try to brake domestic credit expansion which had become excessive.

On foreign exchange markets yesterday, the German increase had been largely discounted. The dollar only slipped slightly in London to DM1.8225 at one stage before recovering to close at DM1.8270 compared with DM1.8285 on Wednesday.

Central bank intervention was on a much smaller scale than earlier in the week and trading was generally thin ahead of President Carter's speech on Sunday.

The rise in Continental interest rates had some impact on sterling which fell against the Deutsche Mark to DM 4.0725 compared with DM 4.085 on Wednesday

- Dr. Emminger, who is 68, said yesterday h ewould prefer to step down when his term expires at the end of this year.

Tory pressure to recognise Muzorewa

BY RICHARD EVANS, LOBBY EDITOR

CONSERVATIVE back bench pressure on the Government to recognise the new Rhodesia regime increased sharply last night on the even of talks between Mrs. Margaret Thatcher and Bishop Abel Muzorewa, the Zimbabwe Rhodesia Premier.

A group of Conservative MPs, confident that sanctions will not be renewed in November, called on the Government to recognise the Muzorewa regime soon after the Lusaka conference of Heads of Commonwealth Governments next month.

Their comments were given noisy support at a private meeting of the 1922 Committee and underlined the growing dilemma the Government faces over recognition if it cannot gain widespread international support for Rhodesian independence.

Lord Carrington, Foreign Secretary, has said he believes a settlement of the 14-year-old rebellion could now be reached, but he made it clear that the Government had not yet made any policy decisions.

Much could depend on progress made in today's meetings with the Bishop. He will have a working lunch with Lord Carrington and will meet Mrs. Thatcher at No. 10 Downing Street in the afternoon.

He will also meet Mr. Callaghan, the Opposition leader, at Westminster.

Ministers are expecting no definitive decisions to come from the talks, but they will explore the Rhodesian leader's views on possible constitutional changes that would make recognition more acceptable internationally.

The key changes sought are relaxation of the blocking powers of the white minority over a wide range of legislation, and the occupancy of certain government posts by whites.

Mr. Ronald Bell, Conservative MP for Beaconsfield, said at the 1922 meeting that had he been an opponent of the Muzorewa Government, as certain members of the Foreign Office appeared to be, he would have sought delay. This seemed to be exactly what was happening.

Weather

UK TODAY

DRY with sunny periods. Some rain later in the notrh and west.

London, S.E., Cent. S. E. Anglia, E. Midlands, C. Islands E., S.W., N. England,
Dry with sunny periods. Some rain later. Max. 22C (72F).

W. Midlands, Wales
Sunny intervals, cloud and rain later. Max. 19C (66F).

Lake District, I. of Man, Borders, Edinburgh & Dundee, Aberdeen, S.W., Cent. Scotland, Glasgow, Moray Firth
Rain at first, becoming dry and sunny. Max. 18C (64F).

Orkney and Shetland
Cloudy with occasional rain. Max. 14C (57F).

Rest of Scotland, N. Ireland
Sunny intervals and scattered showers. Max. 16C (61F).

Outlook: Mainly dry. Some rain in the north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	32	90	Locarno	R	21	70
Algiers	S	29	84	London	S	23	73
Amsdm.	S	22	72	Luxmbg.	F	19	66
Athens	S	31	88	Luxor	S	37	99
Barcina	S	27	81	Madrid	F	24	75
Beirut	S	28	82	Majorca	S	28	82
Belfast	S	20	68	Malaga	S	29	84
Belgrd.	S	27	81	Malta	S	29	84
Berlin	S	22	72	M'chstr	S	22	72
Biarritz	R	18	64	Melbne.	C	11	52
Bmghm.	S	21	70	Milan	F	25	77
Blackpl.	S	22	72	Mntreal.	C	24	75
Bordx.	F	19	66	Moscow	R	23	73
Boulgn.	S	23	73	Munich	F	19	66
Bristol	S	22	72	Nairobi	C	19	66
Brussels	F	22	72	Naples	S	30	86
Budpst.	C	22	72	Nwcstl.	F	21	70
B. Aires	S	15	60	N. York	C	29	84
Cairo	S	33	91	Nice	F	25	72
Cardiff	S	22	72	Nicosia	S	29	84
Cas'b'ca	C	22	72	Oporto	F	19	66
Cape T.	C	16	61	Oslo	S	22	72
Chicago	S	28	82	Paris	C	18	64
Cologne	F	22	72	Prague	F	20	68
Cpnhgn.	S	19	66	Reykjvk.	F	12	54
Corfu	S	29	84	Rhodes	S	29	84
Dublin	F	19	66	Rio J'o	C	24	75
Dbrvnk.	S	26	79	Rome	S	29	84
Ednbgh.	S	23	73	Salzbrg.	F	21	70
Faro	S	24	75	Singapr.	S	28	83
Florence	F	30	86	Stckhlm.	F	20	68
Frankft.	R	19	66	Strasbg.	C	20	68
Funchal	F	23	73	Sydney	S	15	59
Geneva	C	20	68	Tangier	S	24	75
Gibrltr.	S	25	77	Tehran	S	32	88
Glasgow	S	21	70	Tel Aviv	S	27	81
G'rnsey	F	18	64	Tenerife	F	19	66
Helsinki	F	18	64	Tokyo	S	30	86
H. Kong	S	30	86	Toronto	C	26	79
Innsbrk.	S	25	77	Tunis	S	35	95
Invrnss.	S	21	70	Valencia	S	30	86
Istanbul	C	25	77	Venice	S	25	77
Jersey	S	17	63	Vienna	R	18	64
Jo'burg	C	16	61	Warsaw	C	15	59
L. Plms.	F	23	73	Zurich	C	21	70
Lisbon	S	22	72				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Reassessing Imps' growth rate

The rates are going up all over Europe: the Bundesbank duly tightened German credit yesterday, while two of its fellow EMS central banks were doing the same to pre-empt a run from their currencies into the mark. Dutch bank rate rose another ½ point and the Bank of France's adminstered rates were raised by a further ¾ point.

All this makes the Bank of England's Minimum Lending Rate, at 14 per cent, look a little less out of line, particularly as Continental short-term rates may still have further to rise.

Imperial Group

Imperial Group's share price fluctuated sharply yesterday morning as strong—and misleading—rumours circulated about the results. In the end the price settled 1p lower at 95p, which is a fair reflection of a slightly disappointing outturn of £68m pre-tax for the first six months which sent analysts scratching out their full year forecast of £150m and pencilling in £145m instead. The gain of just over a tenth on the 1977-78 total would fit in with Imps' official indication that profits will show "an uplift" for the year.

Tobacco profits, helped by the price rise last August, have been recovering from the initial impact of BAT on the domestic scene. Imps' cigarette market share, having slumped to around 52 per cent at one stage, is probably now steady at 56 per cent. The successful launch of Lambert and Butler has helped the group's position in the king size sector, where its share is now claimed to be 45 per cent. But the Budget VAT increase of 6p a packet, though less savage than it might have been, could still make Imps think before taking early advantage of the ending this month of the price freeze period agreed with the Price Commission.

Elsewhere, the rise of only 5 per cent in brewing profits looks dull, though this was a period when bad weather affected trade and there was only a brief benefit from the 3p a pint price rise on beer. The food division, too, has turned in unexciting figures, which are well up *on the depressed half-time* figures a year ago, but much lower than the returns achieved in May-October. The Eastwood acquisition has proved to be badly timed, with Imperial being caught by losses in eggs. There are now hopes of an improvement here and the poultry meat side is now doing well, but plainly £12.8m pre-interest for the food division is an inadequate return on sales of

Index rose 1.2 to 469.8

£519m for six months.

With its overall trading profits showing little sign of moving far off the recent plateau Imperial is once again finding that it is hard to manage non-tobacco businesses really successfully. At last night's price the shares are on a fully taxed prospective p/e of 9½ and the main attraction, as usual, is a yield which could be 10.8 per cent if Imps pays 7p net for the year.

Rothmans

Any shareholders in Rothmans International who still cherish the idea that Dr. Anton Rupert runs the group primarily for their benefit will have been disappointed yesterday, not by Rothmans' results, which are rather good, but by its dividend policy. At a time when it would have been perfectly possible to make a substantial increase in the dividend the company has come up with a final payout that lifts the total gross dividend for the year by only 15 per cent.

The absolute level of yield—now 5.7 per cent—is not the problem. It is the dividend cover, which at 8 times—over 5 times, at a guess, even on current cost profits — carries caution far too far. It is likely to be a drag on the share price, and the £150m block of *convertible bonds which sits like a great* pudding in Rothmans' balance-sheet looks more than ever like debt and less like deferred equity.

Last year, despite the sterling translation effects on overseas profits and the absence of a whole twelve months of duty drawback profits on re-exported tobacco, the group managed to increase pre-tax profits by over a fifth to £98.2m, with the Canadian acquisition conti[buting] relatively little—£5m n[et of] financing costs and minor[ity] ... In 1979/80 volume growth [may] be sluggish but Roth[mans] should be able to hold on [to] market share in the UK [and] Germany (where it will [be] helped by a price rise). Sal[es in] France have been [rising] strongly, and even in [the] Middle East, where it is p[oten]tially most vulnerable [to in]creased competition from [US] manufacturers, the g[roup] expects the established tast[e for] its brands to see it throug[h].

The group's understan[dable] concern over the sterling [ex]change rate may explain, if it does not justify, the dividend payout. The imme[diate] result yesterday was that shares fell by 3½p to 64p, w[hich puts] the p/e on reported earnin[gs at] 3.2. If one treats the conver[tibles] as debt, the multiple falls ...

Tesco/Cartiers

Tesco's takeover of Car[tiers] *Superfoods* illustrates [the] astonishing economics of [the] food retailing industry. At ... a share Tesco is paying £... for net worth of around ... and the historic p/e is 15.6 ... on a fully taxed basis 31.5) ... deal comes against the [back]ground of a scramble for ... in the supermarket trade, w[here] Tesco is already plannin[g to] spend £200m over three ye[ars, a] period in which its rival S[ains]bury is planning to ope[n as] many as 50 new stores i[n its] largest ever expansion [pro]gramme. In what is fu[nda]mentally a fairly static gro[cery] market all this developm[ent] must before long lead to a g[ood] many fingers getting bur[nt], wisely, Mr. Lewis Cartier decided to take the money.

The burst of superm[arket] expansion is happening bec[ause] the major chains have [been] generating a great deal [of] cash. This is partly bec[ause] their growth is financed [by] suppliers through trade cr[edit] and partly because the st[ock] quality is a wholly unjustifi[ed] way for stock relief and pay ... tax. Last year, for insta[nce] Cartiers derived as m[uch] finance from the increase [in] creditors less debtors as it ... from net cash flow.

For Tesco the deal can [be] seen as an alternative to ... development of new stores, at around £1m a unit with a ... new openings in the pipe[line] thrown in, it clearly beli[eves] the arithmetic makes sense. ... such a price must reflect ... urgency which Tesco reg[ards as] the need to build up its ma[rket] position before the next gro[cery] war breaks out.

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